

Soviet sex sheds some of its puritanism

By John Lloyd in Moscow

SOVIET attitudes to sex, love and marriage, once infused with revolutionary puritanism, have become more relaxed, if not yet permissive.

A large scale survey conducted among 20-40-year-olds in Moscow and L'vov, in the Ukraine, shows a considerable degree of tolerance to sex before, in, and even outside marriage, as well as to unmarried relationships and divorce.

The main yardstick by which relationships were judged was love. Liberality was not present everywhere, however. There was a fairly marked double standard operating as between male and female sexual behaviour.

More curiously, there was a fair degree of disapproval of men and women who chose to live alone. Better by far, it was felt, to attempt a relationship and fall then not to try at all.

Noting that divorce had now become a mass phenomenon, the survey asked if respondents thought divorces a normal or even a occurrence.

37 per cent thought they were, 22 per cent thought not. However, only 22 per cent saw them as a sign of a lack of moral standards, against 50 per cent who did not.

Asked if the presence of children should prevent divorce, 35 per cent said that they would not hesitate because of children. 30 per cent said it would depend on circumstance, only 12 per cent said the family should stick together.

On non-married relationships, a divergence showed between intellectuals and workers: 53 per cent of the former thought such relationships were fine, compared with 38 per cent of the latter.

Disapproval of those living alone was higher among workers (49 per cent) than intellectuals (25 per cent). Most intellectuals (61 per cent) thought they did not really have the right to judge others, against 32 per cent of workers.

Commenting on these findings, the researchers suggest this might show that people with higher education are more promiscuous, but then remind readers that this is only what people say they think, not what they do.

A familiar double standard is shown on attitudes to adultery. Asked if sex was "acceptable with any man you like" (for a woman), only 18 per cent of men and 10 per cent of women agreed; asked if sex was "acceptable with any woman you like" (for a man), 42 per cent of men agreed, and 19 per cent of women.

Men were less censorious on adultery - only 20 per cent unreservedly condemned it, while 72 per cent thought it depended on circumstance, compared with 31 per cent of women expressing outright condemnation and 64 per cent thinking it depended.

Opinion polling, unheard of in the Soviet Union until the 1980s, is now mushrooming. In two other polls yesterday, a majority (77 per cent) of workers told researchers from the Moscow Communist party that they thought they might be victimised for voicing justifiable complaints about their enterprises.

In a further poll, around 50 per cent of workers said they supported the election of managers (now a right), though up to 16 per cent were opposed and the rest had no opinion or thought the issue was evenly balanced. Not surprisingly, perhaps, 55 per cent of the bosses thought it was an idea whose time had not yet come.

Chemical industry sweeps waste from under the rug

Peter Marsh examines efforts of European companies to come to terms with a high-profile problem

IT HAS done a ghastly job. This opinion of the chemicals industry's record on anti-pollution measures comes not from an environmentalist leader but the chairman of one of Europe's biggest chemicals companies.

"The environmental issue is a tremendous problem," says Baron Daniel Janssen, head of Solvay, Belgium's biggest chemicals company. "We must change things."

His views, although more strongly expressed than those of many in the chemicals business, show the degree to which the sector is trying to come to terms with disposing of waste products in a safe and efficient way.

The chemicals industry, one of Western Europe's biggest businesses, with an annual output of about \$300bn, is also one of its most obtrusive. This is due largely to the physical difficulties of disposing of the large quantities of its waste materials.

The attention has focused on the discharge of unpleasant or poisonous chemicals into the rivers and air, and the dumping on land of solids left over from processes such as incineration.

Although the chemicals

OPPOSITION PARTY BLOCKS RESTART OF BROKDORF POWER STATION

N-plant dilemma for Bonn minister

By David Goodhart in Bonn

WEST GERMANY'S opposition Social Democratic party is taking a tougher line against nuclear power plants in some of the states it controls thus presenting Mr Klaus Toepfer, the Federal Environment Minister, with an acute political dilemma.

This is denied by the owner-operator, Preussenelektra, the Federal Environment Ministry and the Reactor Inspectorate. However, if Mr Toepfer were to use his authority to force reconnection it would be widely regarded as an excessive use of federal power. It would also associate the ruling coalition in Bonn with an aggressively pro-nuclear stance while an increasing number of voters are becoming anti-nuclear.

Mr Günther Jansen, the state's energy minister, is ref-

using to allow a nuclear plant at Brokdorf to be switched on again after its annual refuelling on the grounds that a minor accident could have serious safety implications.

This is denied by the owner-

operator, Preussenelektra, the Federal Environment Ministry and the Reactor Inspectorate.

However, if Mr Toepfer were to use his authority to force reconnection it would be widely regarded as an excessive use of federal power. It would also associate the ruling coalition in Bonn with an aggressively pro-nuclear stance while an increasing number of voters are becoming anti-nuclear.

The company, which sup-

plies power to three West Ger-

man states, claims that Brokdorf represents 25 per cent of its power generation capacity

On the other hand if he takes no action it may set a precedent which other SPD-controlled states would follow. Already energy officials in SPD-controlled North Rhine-Westphalia have been blocking the licensing of a new fast breeder reactor at Kalkar which cost DM1bn (522bn).

In the latter case the Environment Ministry has finally decided to take the state to court over the delay. At Brokdorf, too, Preussenelektra is threatening legal action.

The company, which sup-

plies power to three West Ger-

man states, claims that Brokdorf represents 25 per cent of its power generation capacity

and the cost of switching to fossil fuel could be more than DM300,000 a day. It also claims that reverting to fossil fuel plants would increase sulphur dioxide emissions by 20 tonnes a day.

In a possibly even more significant development in Schleswig-Holstein, Mr Jansen has also prevented Preussenelektra from using recycled plutonium at Brokdorf.

According to publication Nucleonics Week, the company has - at least temporarily - agreed to go along with the ban. If this ban spreads the reprocessing plant being built at Wackersdorf will become redundant.

A plan of action has been drawn up, urging further aid and assistance to the front line states around South Africa in dealing with the tragedy. But an attempt by the OAU secretariat to be given responsibility for the administration of the emergency programme failed to find much support.

A big difficulty highlighted at the conference is the lack of any UN agency to deal with the problem of displaced people around the world. Governments have traditionally been reluctant to give international organisations like the UN the necessary power to help such people who are uprooted but who have not moved out of the country where they reside, even if they are living in areas which their governments do not control.

In southern Africa over 4m of those affected are in the displaced persons category. The importance of the Oslo Declaration is that it recognises that only the UN Secretary General really has the authority and the power to co-ordinate any effort to deal with the problem of the displaced people in southern Africa.

Only a limited amount of money was pledged at the conference to deal with the crisis.

The British Government announced it would put a further £2m into the relief effort, while the US promised to provide an extra \$10m.

The stoppage in Hungary ended as striking Polish miners resumed work at four collieries amid signs that the Communist authorities were gaining control of Poland's most serious labour unrest since 1981.

Judy Dempsey adds from Vienna: "The Hungarian authorities face a longer-term problem about the state of the coal industry whose total cash-based society, Germans treat their money with respect and create notes with personal messages or elementary arithmetic scrawled in the margin are almost unheard of here."

But even the new balance sheet back in the early 1980s, when the present notes first came into circulation, a lower profile was felt to be more appropriate by the elders of the fledgling Federal Republic who probably thought it better not to display well-known Germans.

Choosing the right people to feature is harder still. For whatever the achievements of German women through history, the fact is that the men tend to be better known. Using the likes of Goethe and Beethoven alongside less-renowned women was felt to be unflattering to the ladies, so the authorities have decided to choose figures of roughly similar importance for the new currency.

Clara Schumann, the pianist and composer, will crown the new DM100 note.

But even the new balance sheet back in the early 1980s, when the present notes first came into circulation, a lower profile was felt to be more appropriate by the elders of the fledgling Federal Republic who probably thought it better not to display well-known Germans.

They could hardly have been more thorough. West Germany's banknotes are a triumph of understatement. Hardly anyone can identify the medievally-garbed figures on the country's currency, and even Bundesbank officials have to look up the answer.

Not only could the anonymous profiled figures, have just walked out of Wagner's "Meistersingers", the historians are often as baffled as to their origin. Take the hirsute young man who stares out every day at millions of Germans on their DM10 notes. The artist may be Albrecht Dürer, whose portraits feature on most of the range, but then again it may not. Academics are none the wiser about the subject: "Picture of a Young Man" is all they can come up with.

The Bundesbank plays down suggestions that decision to

feature famous Germans reflects an upsurge in nationalism now. But whatever the interpretation abroad, giving West Germany's new notes a greater identity has already brought its domestic headlines.

In a country with a lobby for every cause and some highly vocal citizens' rights groups, striking the right balance between competing interests has not been easy.

As usual, sex lies at the root of the problem. Expanding the new range to include a new DM200 bill will restore equality between the sexes and correct

European Diary



West Germany

an almost 30 year bias in favour of men. Only two women are depicted on the present range, and then only on lower denominations.

That could be a touchy subject. Back in the early 1980s, when the present notes first came into circulation, a lower profile was felt to be more appropriate by the elders of the fledgling Federal Republic who probably thought it better not to display well-known Germans.

They could hardly have been more thorough. West Germany's banknotes are a triumph of understatement. Hardly anyone can identify the medievally-garbed figures on the country's currency, and even Bundesbank officials have to look up the answer.

Not only could the anonymous profiled figures, have just walked out of Wagner's "Meistersingers", the historians are often as baffled as to their origin. Take the hirsute young man who stares out every day at millions of Germans on their DM10 notes. The artist may be Albrecht Dürer, whose portraits feature on most of the range, but then again it may not. Academics are none the wiser about the subject: "Picture of a Young Man" is all they can come up with.

The Bundesbank plays down suggestions that decision to

choose figures of roughly similar importance for the new currency is hard to forge. With a total of only about 6,000 forged notes last year against some 1.5bn notes in circulation, West Germany's record is already very high by international standards. The forger rate is peanuts considering the widespread use of West German money outside the country by travel-hungry German tourists or guest workers' remittances.

But despite the special papers, watermarks and printing techniques, the forgers have been catching up. "The ideal banknote for us is one which will make the machine explode when put in a photocopier," says a Bundesbank official. Money is a serious business in West Germany, and he is only half-joking.

The monetary authorities also want to make the notes harder to forge. With a total of only about 6,000 forged notes last year against some 1.5bn notes in circulation, West Germany's record is already very high by international standards.

The forger rate is peanuts considering the widespread use of West German money outside the country by travel-hungry German tourists or guest workers' remittances.

The idea is to streamline the industry which could possibly lead to the closure of the less productive pits. Closure, or threatened closure of any pits, could cause a repeat of the events of July 1986 when hundreds of workers at the large Tatabanya mines in western Hungary stopped work over planned closures.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

The strikes ended only after reassurances by the Government that there would be no lay-offs because the workforce would, if necessary, be deployed in other mines.

</

OVERSEAS NEWS

Strike wave dents South Korean growth rate

By Maggie Ford in Seoul

SOUTH KOREA recorded a first-half growth rate in gross national product of 11.8 per cent, the Bank of Korea (the central bank) reported yesterday.

The figure compared with a 15.2 per cent rise in growth in the first half of last year. The slowdown was due mainly to widespread industrial strikes in the second quarter, which reduced the rise to 9.1 per cent after a first quarter rise of 14.9 per cent.

Figures for the latter-half of the year are expected to rebound strongly, as industrial unrest was concentrated in the second half last year. Export growth will be affected, however, by the appreciation of the won currency.

Parliamentary delegates from North and South Korea are to hold a fourth meeting in the border village of Panmunjom tomorrow following agreement between the two delegation leaders yesterday.

At a private meeting the two leaders agreed to reconvene the talks which had ended without progress on Monday. No details about the meeting were revealed. This series of talks between the two countries, at loggerheads for 40 years, has so far failed to reach agreement on either the format or the agenda of a full meeting planned to be held in Pyongyang.

Points of dispute include the number of delegates to attend, with North Korea arguing for both full assemblies - about 1,000 people - and the South sticking at 30.

The two sides were unable to agree on agenda questions over the Olympic Games, a non-aggression pact, exchanges between the two sides and a summit meeting between Presidents Kim Il Sung of the North and Roh Tae Woo of the South.

Record number of candidates in Singapore poll

By Roger Matthews

in Singapore

SINGAPORE'S opposition parties are fielding a record number of candidates for the general election to be held on September 3. When nominations closed yesterday, 71 candidates from seven parties, together with four independents, had announced their intention of challenging the dominance of the People's Action Party led by Prime Minister Lee Kuan Yew.

The PAP suffered its most serious reversal four years ago when, for the first time since full independence in 1965, it lost two parliamentary seats and saw its share of the popular vote fall by over 12 per cent.

Eleven PAP candidates were yesterday returned unopposed, compared with 38 in the December 1984 election. The Workers Party is fielding the largest number of opposition candidates with 32, followed by the Social Democrats with 12.

Mr Francis Sow, the former Solicitor General who was detained for 10 weeks without trial this summer and accused of seeking asylum in the US if his political ambitions turned sour, is standing as a candidate for the Workers Party. His son Ashley is also a candidate.

A US diplomat was told to leave Singapore this year because the Government alleged that he had been encouraging Mr Sow and other lawyers to run for election. One of the main election issues will be the use of the Internal Security Act to detain alleged subversives indefinitely without trial.

The government party is also under attack for its proposal for an elected president who will be able to veto the spending of the country's financial reserves and the appointment of senior civil servants. It is widely viewed as a device to allow Mr Lee to maintain a key role in running the country should he decide to step down as Prime Minister following the general election.

Keating defends budget

By Chris Sherwell in Sydney

MR PAUL KEATING, Australia's Treasurer, yesterday flatly rejected suggestions that his federal budget was too risky in its assumptions and unfair to Australian taxpayers.

Opposition politicians, business groups and commentators have questioned the assumption that firm commodity prices would ensure a 3 per cent improvement in terms of trade. This is about the same as in 1987-88, and the critics have said it ignores the prospects of a world economic downturn next year.

They argued the record A\$35.6b (US\$26.6b) budget surplus Mr Keating announced on Tuesday could have been used

Israel tightens the screw on inflows of PLO money

Andrew Whitley reports on distribution of overseas funds to Palestinian victims of the current unrest

ANYONE with a vaguely Arab appearance or name should be warned to stay well clear of Tel Aviv's Ben Gurion airport for the foreseeable future, unless they want to run the risk of a humiliating, full-scale strip search. For Israel is seeking to strengthen further its controls over the entry of funds for the eight-month Palestinian uprising.

Last month's mission to Vienna by Mr Shmuel Goren was ample evidence of the Shamir Government's concern that it may be losing a crucial battle to stop Palestine Liberation Organisation money coming in.

Mr Goren, a former senior Mossad executive who acts as "prime minister" in his capacity as head of the military-run Civil Administration for the West Bank and Gaza Strip, was carrying with him what the Israeli security forces regard as proof that the United Nations Relief and Works Agency for Palestinians is channelling money and goods into the region on behalf of the PLO.

Following up the Vienna trip, this Wednesday Brig-Gen Fredy Zach, Mr Goren's deputy, summoned UNRWA's local chiefs to repeat the warning. Israeli officials say they were instructed to avoid money transfers on behalf of others either by the organisation or individual employees.

How much of the tens of millions of dollars raised abroad by Palestinian well-wishers over the past eight months to support their suffering brethren has made it into the hands of those genuinely in need is anyone's guess.

As always when international fund raising drives are launched there have been complaints - as were aired last month by a Paris-based Arabic newspaper, *Al Mukhabarat* - about waste and misappropriation.

Neither the Shin Bet security police, nor prominent Palestinian activists in East Jerusalem, have an accurate picture of what percentage of the money has been intercepted by the Israeli authorities. The seizures that are known about - at Ben Gurion airport, the Allenby Bridge

across the Jordan River, and from private homes and offices - probably add up to more than \$5m. But the fact that every family in Ramallah (population 50,000) recently received about \$130 worth of Jordanian dinars, delivered to each house by local Christian and Moslem clerics, suggests that the PLO's pocket is by no means empty.

As for the distribution of funds from abroad, this has been frustratingly patchy: favouring refugee camps, for instance, rather than prosperous, less militant West Bank towns such as Bethlehem. Those families in difficulties in Bethlehem because of the regular strikes have been compelled to rely on the well-heeled church for food parcels and clothing. Nor have all the specific

groups promised support by the PLO - such as the Arab policemen who resigned or shopkeepers and restaurateurs victimised by the authorities - received compensation for their sacrifices.

Some, but by no means all, of the 500 policemen now out of work are receiving an irregular stipend of between JD100 and 150 (\$35) a month; one restaurant forced to close down is known to have been quietly handed JD2,000, but many have seen nothing.

Where financial support from the PLO has proven reliable since the unrest began, Palestinians agree, is in compensation for those families whose houses have been demolished or sealed up by the army, as collective punishment. At least 50 families have received enough to rebuild a

US line on deportation irks Israel

By Andrew Whitley in Jerusalem

THE Shamir Government has reacted angrily to the sharpest US criticism of Israeli policies since the Lebanon War. In Monday's oral protest, the US State Department warned that bilateral relations would be damaged if the deportation of Palestinians was not halted.

Rejecting the US complaint, Israel made clear yesterday that it was not prepared to drop the use of deportations, been repeatedly criticised by Western countries, and by the International Committee for the Red Cross, as being contrary to the 1949 Geneva Convention on occupied territories.

Mr Thomas Pickering, US ambassador to Tel Aviv, was summoned yesterday to meet Prime Minister Yitzhak Shamir, to receive a dressing down over the tone and content of the protest. The Foreign Ministry insists that Israel has the right under both national and international law to undertake selective deportations in the interests of order in the occupied territories.

So far this year, 33 Palestinians from the West Bank and Gaza Strip have been expelled. Another 27 have been served with deportation orders. Dozens of others are believed to be named on lists already in the hands of the Defence Ministry.

Botha warns on Angola peace talks

By Michael Holman, Africa Editor

PRESIDENT P.W. Botha struck a cautious note yesterday as delegates to the southwestern Africa peace talks began negotiations in Brazzaville. "This is not the first time that a solution of the South West Africa/Namibia situation has been in sight," the South African leader told Parliament in Cape Town.

"There are serious issues to be negotiated. There is a steep road ahead," he said.

Delegates at the Brazzaville talks hope to close the wide gap between South Africa and Angola over the timetable for a withdrawal of some 45,000 Cuban troops in Angola.

"It is the hardest nut to be cracked," warned Mr Botha yesterday.

Pretoria has called for the withdrawal to be complete by June next year - the proposed

Botha: steep road ahead

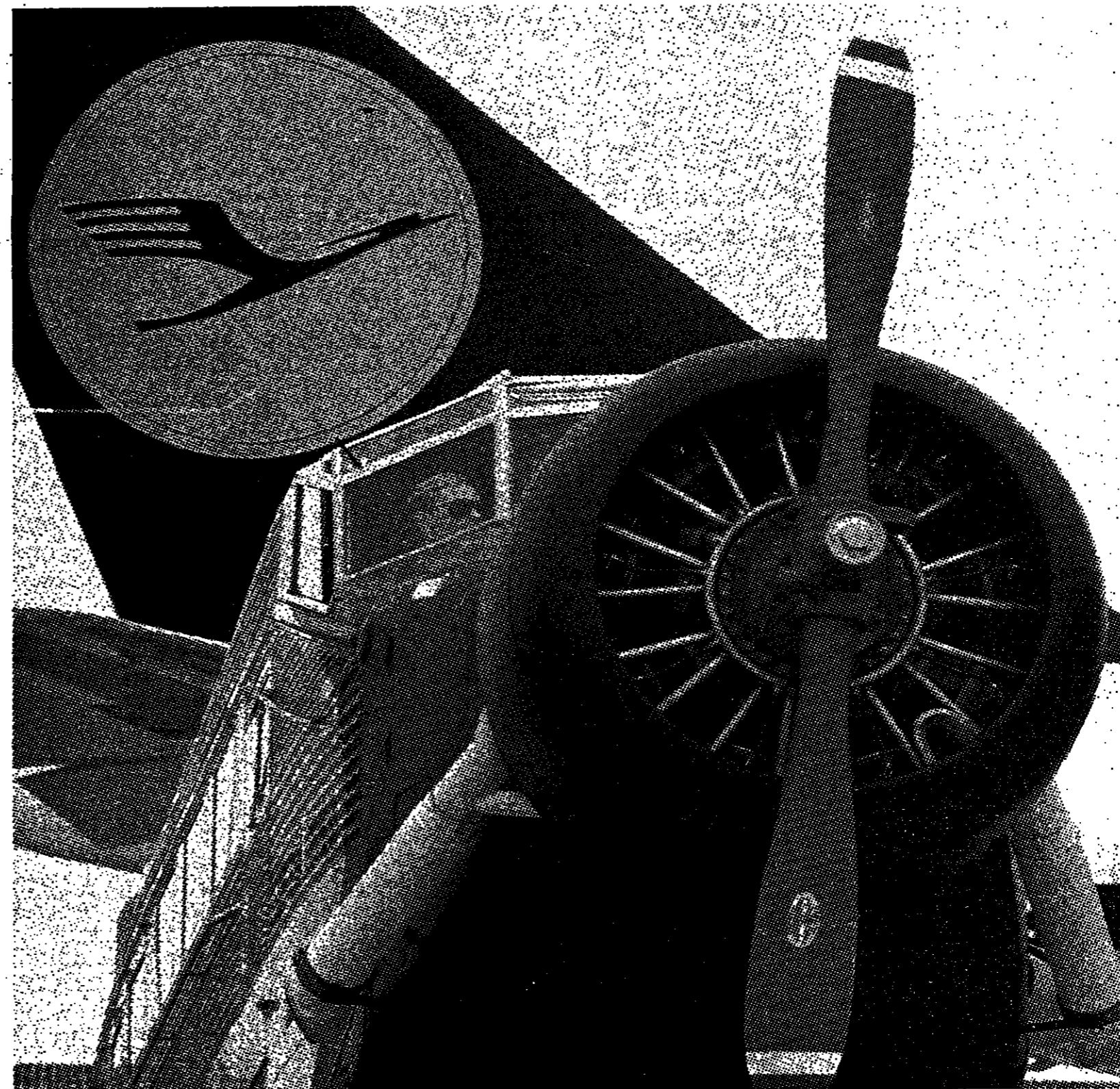
date for Namibia's independence - while Angola is thought to have offered a two-year pull-out.

Delegates to the talks, taking place under US chairmanship, have also to tackle a second hurdle. The US insists that the regional settlement should incorporate the Unita group of Angolan rebels, and Washington and several African states have been urging the Soviet-backed MPLA government in Luanda, and Unita leader Jonas Savimbi, to settle their differences and form a government of national unity.

Dr Chester Crocker, the chairman, has made clear that notwithstanding progress in other areas, the US (which Pretoria has been Unita's main backer) will continue to supply arms to the rebels.

What has been termed an Afghanistan-type outcome - in which the US and the Soviet Union continue to support their respective allies - seems at this stage more likely than reconciliation.

Aviation history and Lufthansa grew up together.



 Lufthansa

AMERICAN NEWS

Dukakis seeks publicity as Bush edges ahead

By Lionel Barber in Washington

GOVERNOR Michael Dukakis, the Democratic presidential nominee, arrived in Washington yesterday to receive a long-awaited endorsement from organised labour and some equally welcome attention from the national media.

Much as he has enjoyed Vice-President George Bush's travails with his youthful running-mate Senator Dan Quayle, the Massachusetts governor has suffered from the recent lack of exposure on press and television.

As a Dukakis campaign staff member in Boston said this week: "It is frustrating because we cannot seem to get our message across or get the attention of the media."

Mr Dukakis remains, after all, a largely unknown quantity for the bulk of the American electorate and he needs good press coverage. The lack of familiarity is coupled with Mr Bush's attacks on his generally fussy policy positions – also appears to have begun to hurt him in the opinion polls.

A Gallup poll, conducted over the weekend and released yesterday, gave Mr Bush a 48-44 per cent lead. The survey showed voters evenly split over whether Mr Quayle's presence on the Republican ticket made them more likely or less likely to vote for Bush.

This may be partially temporary, caused by the bounce which Mr Bush received coming out of last week's Republican convention in New Orleans.

Chilean opposition being 'intimidated'

By Robert Graham

CLANDESTINE groups linked to Chile's security forces have stepped up intimidation of opponents of the Pinochet Government in the run-up to the presidential plebiscite, according to a report yesterday by Amnesty International, the human rights organisation.

Amnesty says that death threats, abduction, and the beating up of government opponents have become the most common methods of repression. The report contains 128 case histories of alleged victims of intimidation.

The Chilean Government blames criminals or independent political extremists.

ans. But it may signal trouble ahead too.

Mr Bush's achievement has been to appear like a Reagan conservative on issues such as abortion, gun control, school prayer and arms control while at the same time suggesting he is ready to offer a modicum of change.

Combined with his effective attack on Mr Dukakis – "the Stealth candidate" – this accounts for the Bush comeback.

It is still unclear how much Mr Bush will be hurt by the 41-year-old Senator Quayle, his choice as running-mate and one which has been almost universally criticised.

Senator Bentzen also took credit for the Trade Bill, signed into law this week by President Reagan. The bill provides, among other things, for worker retraining and some help to industries hurt by foreign competition in the industrial Mid-West, a key electoral battleground.

Despite the future over Senator Quayle's entry into the National Guard during the Vietnam War may die down, the debate over his inexperience and his qualifications to be a proverbial heart-beat from the presidency will surely date.

The Democrat dictum to date has been "never shoot a man who is committing suicide." Both Mr Dukakis and his running-mate, 57-year-old Senator Lloyd Bentsen of Texas, have steered clear of the National Guard issue and merely compared the two vice-presidential candidates' track records.

Indeed, when asked what he would do if he was in the Republicans' position, Senator Bentzen replied: "Sweat."

The Democrats would feel far more comfortable if they could be sure that the public

will side with them on the Quayle issue; but there is always the danger of a backlash with voters believing that the press and television is treating the Indiana senator unfairly.

Governor Dukakis, who was endorsed by the AFL-CIO organised labour federation yesterday, continues to plug economic themes this week, criticising Mr Bush's "flexible freeze" budget plan which has allowed the Vice-President to insist he will not raise taxes if he comes back.

It is still unclear how much

Mr Bush will be hurt by the 41-year-old Senator Quayle, his choice as running-mate and one which has been almost universally criticised.

Senator Bentzen also took credit for the Trade Bill, signed into law this week by President Reagan. The bill provides, among other things, for worker retraining and some help to industries hurt by foreign competition in the industrial Mid-West, a key electoral battleground.

Despite the future over Senator Quayle's entry into the National Guard during the Vietnam War may die down, the debate over his inexperience and his qualifications to be a proverbial heart-beat from the presidency will surely date.

The Democrat dictum to date has been "never shoot a man who is committing suicide." Both Mr Dukakis and his running-mate, 57-year-old Senator Lloyd Bentsen of Texas, have steered clear of the National Guard issue and merely compared the two vice-presidential candidates' track records.

Indeed, when asked what he would do if he was in the Republicans' position, Senator Bentzen replied: "Sweat."

The Democrats would feel far more comfortable if they could be sure that the public

Harassment forces US to move Panama servicemen

By Lionel Barber

THE Reagan Administration, concerned about harassment of servicemen's families in Panama, has begun moving them to safe locations or to the US.

The pre-emptive signals a revival of tensions between Panama and Washington which, for nine months, has tried to oust the country's strongman, General Manuel Noriega.

On Monday, the State Department began processing visa applications for US diplomats through the Panamanian Consulate in Tampa, Florida, which is recognised by the

urehead Panamanian president, Mr Solis Palma.

Until last week, the Panamanian embassy in Washington, which has served as the base of a Panamanian government in exile, processed the visas. Monday's move, therefore, has been interpreted as a sign that the Administration is resigned to the continuing presence of General Noriega in power.

But economic sanctions against Panama are to remain,

the US said, warning that it was concerned about harassment by the Panamanian military.

On Monday, the State Department began processing visa applications for US diplomats through the Panamanian Consulate in Tampa, Florida, which is recognised by the

urehead Panamanian president, Mr Solis Palma.

Until last week, the Panamanian embassy in Washington, which has served as the base of a Panamanian government in exile, processed the visas. Monday's move, therefore, has been interpreted as a sign that the Administration is resigned to the continuing presence of General Noriega in power.

But economic sanctions against Panama are to remain,

the US said, warning that it was concerned about harassment by the Panamanian military.

On Monday, the State Department began processing visa applications for US diplomats through the Panamanian Consulate in Tampa, Florida, which is recognised by the

Argentine unions call for 24-hour strike

By Gary Mead
in Buenos Aires

ARGENTINA'S trade union organisation, the General Confederation of Labour (CGT), has called a one-day general strike in protest at the Radical Party Government's latest economic plan.

The plan, known as "Primavera," or spring, was

launched at the beginning of August in an attempt to curb spiralling inflation and instil confidence in the economy. It includes a wage freeze

for state employees (following a 25 per cent pay rise) and a

price freeze on basic items (allowing a 30 per cent increase in prices charged by public utilities).

The strike will be the

twelfth since President Raúl Alfonsín took office in December 1983.

The CGT's main

grievance is its claim that real

wages have been eroded by

high inflation – 25 per cent in

July and probably 30 per cent in

August. The Government has

promised to reduce inflation

to single figures by the

final three months of 1983.

Last week the powerful

metalworkers' union, the

UOM, won a 47 per cent pay

rise for its 320,000 members.

The Economy Ministry is

known to be pressing the Government to block approval for

the strike.

The CGT last week walked

out of negotiations with the

Government over a new mini-

mum wage, now at A\$2.94 a month. According

to the CGT, the Government had

offered an increase of 14.5

per cent, to A\$3.057. Latest

independently compiled figures

suggest that an average

urban family in Argentina requires A\$4,500 per month.

Industrial unrest dogs sev-

eral other sectors of Argen-

tinia's economy. Postmen have

begun a work-to-rule, and

promise a 24-hour strike next

week over claimed wage

arrears of A\$800m.

There are also strikes in

hospitals, transport and

schools, both in Buenos Aires

and the provinces, all over

wage claims. Moreover,

the Government faces tricky nego-

tiations over armed forces pay,

as they did not get the 25 per

cent increase given to other

state employees.

The CGT last week walked

out of negotiations with the

Government over a new mini-

mum wage, now at A\$2.94 a month. According

to the CGT, the Government had

offered an increase of 14.5

per cent, to A\$3.057. Latest

independently compiled figures

suggest that an average

urban family in Argentina requires A\$4,500 per month.

Industrial unrest dogs sev-

eral other sectors of Argen-

tinia's economy. Postmen have

begun a work-to-rule, and

promise a 24-hour strike next

week over claimed wage

arrears of A\$800m.

There are also strikes in

hospitals, transport and

schools, both in Buenos Aires

and the provinces, all over

wage claims. Moreover,

the Government faces tricky nego-

tiations over armed forces pay,

as they did not get the 25 per

cent increase given to other

state employees.

The CGT last week walked

out of negotiations with the

Government over a new mini-

mum wage, now at A\$2.94 a month. According

to the CGT, the Government had

offered an increase of 14.5

per cent, to A\$3.057. Latest

independently compiled figures

suggest that an average

urban family in Argentina requires A\$4,500 per month.

Industrial unrest dogs sev-

eral other sectors of Argen-

tinia's economy. Postmen have

begun a work-to-rule, and

promise a 24-hour strike next

week over claimed wage

arrears of A\$800m.

There are also strikes in

hospitals, transport and

schools, both in Buenos Aires

and the provinces, all over

wage claims. Moreover,

the Government faces tricky nego-

tiations over armed forces pay,

as they did not get the 25 per

cent increase given to other

state employees.

The CGT last week walked

out of negotiations with the

Government over a new mini-

mum wage, now at A\$2.94 a month. According

to the CGT, the Government had

offered an increase of 14.5

per cent, to A\$3.057. Latest

independently

Thatcher endorses secret measures to fight IRA

By Tom Lynch in London and Our Belfast Correspondent

A SECRET package of measures to combat the IRA's summer campaign of terror was agreed by Mrs Margaret Thatcher, the Prime Minister, and Mr Tom King, the Northern Ireland Secretary, at an emergency meeting in Downing Street last night.

Emerging more than two hours of talks, Mr King refused to give waiting journalists details of any decisions but said some would "become apparent shortly." He added that the Prime Minister had ordered detailed work on "certain other possibilities."

Government sources were tight-lipped about the package, refusing even to give an indication of what timescale was implied by Mr King's use of the word "shortly." It was suggested that an information blackout had been ordered on the Government's plans.

Yesterday's meeting follows a thorough review of security measures by Mr King and his advisers after Saturday's murder of eight soldiers travelling in a bus near Omagh, County Tyrone, and given extra urgency by the murder in a car bombing of a naval recruitment officer on Monday.

In Northern Ireland, a number of men in the Tyrone area were arrested yesterday under the Prevention of Terrorism Act by detectives investigating the bus bombing. Police said they would be questioned

about serious terrorist crime in the Tyrone area.

Mr King said his review had been "detailed and very extensive, covering a wide range of matters. Certain decisions have been reached, certain other matters will require detailed work."

Mr King sidestepped questions about specific proposals, but the major options suggested by commentators in recent days include:

- Ending the right to silence for terrorist suspects and tightening security along the border with the republic.

- Increasing security co-operation with Dublin and allowing both British and Irish troops to operate within a specified area on either side of the border.

- Stepping up covert action and intelligence gathering. And flying in more troops.

- Tightening security for off-duty service personnel.

- Internment without trial for terrorist suspects and banning Sinn Fein, the political wing of the IRA.

As Mrs Thatcher and Mr King hammered out their package, the IRA threatened to escalate its car bombing campaign and said in future a smoke grenade would explode shortly before car bombs detonate. Senior Army sources labelled the statement "sheer hypocrisy."

Two police officers were injured in a bomb attack near



King arriving for talks

Maghera in County Antrim yesterday, and suspect vehicles - which turned out to be harmless - were abandoned outside two West Belfast police stations.

Earlier, Mr King gave an interview to a US television network in a bid to seize the propaganda initiative from American IRA supporters by linking the terrorists with Colonel Gaddafi, the Libyan leader.

Disruption threat as postal talks break down

By Michael Smith

THE UNION OF Communication Workers is to instruct its 140,000 Post Office workers to take industrial action after the breakdown of talks on a regional pay supplement for new recruits.

Mr Alan Tuffin, union general secretary, said the action would cause "complete disruption" in postal services throughout Britain. It is thought that the instruction will take effect next week.

Although the union refused to say last night what the action would be, options include a national 24-hour strike, a refusal to work overtime and a work to rule.

Negotiations failed when the union accused the Post Office of laying down preconditions which it said made it impossible for "real open negotiations" to take place.

The dispute follows the Post Offices' introduction of pay supplements of between £7.50 and £20 at 55 post offices in the south-east of England. Although it said this week it will withdraw these Difficult Recruitment Area Supplements on September 30, it wants a replacement system in place for the following day.

Mr Tuffin said he was not prepared to negotiate under duress. "The immediate replacement of DRAS in another name by means of a flexible pay rate arrangement is unacceptable to the union," he said.

Mr Bill Cockburn, managing director of Royal Mail Letters, said the October 1 deadline left five weeks for talks and that seemed "perfectly reasonable."

The Post Office is offering to accede to the union's demand that supplements be paid throughout the country or not at all. In some areas of the south-east, the letters business is experiencing staff turnover rates of 50 per cent a year and four-fifths of the people leaving have been with the Post Office for less than a year.

The recruitment supplements last for a year and are then replaced by productivity bonuses which the Post Office says are entirely different. The union disagrees.

UCW members voted earlier this month by 2-1 in favour of industrial action.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

Mecca accuses Pleasurama of strategic weaknesses

By David Waller

THE TEMPERATURE in the £750m takeover battle for Pleasurama heated up yesterday as bidder Mecca Leisure accused the casino-to-catering group of grave managerial and strategic weaknesses.

The kernel of Mecca's argument, contained in its long-awaited offer document, was that Pleasurama's recent approach to diversification via acquisition has left the company as no more than "a cluster of businesses with a weak structure and weak control."

By contrast, Mecca claimed for itself a strong management structure "painstakingly built up over many years." This, combined with the commercial logic of a link-up between the two companies, made it imperative for Pleasurama share-

holders to accept its paper-only offer.

According to Mecca, Pleasurama has failed to take account of the problems of managing the newly-acquired businesses, which include President Entertainments and the Hard Rock restaurant chain.

"In order to reduce one type of business risk (the volatility of London casino profits), your board is taking an even greater risk," Mecca said. "It is expanding into activities where it has only limited management experience, and is buying businesses without the appropriate management structure in place."

President, bought in October last year for £56m and Pleasurama's first move into catering, came in for particularly severe criticism. "In our view

this was an overstretched medium-sized company," Mecca contended. "As Pleasurama itself had only limited management in that business, the group has been unable to develop President in the UK."

Pleasurama - capitalised at nearly three times the bidding company - defended itself vigorously against these charges.

"The document merely goes to show that Mecca has totally misunderstood our business," said Mr Barry Hardy, the defending company's development director.

Shares in Mecca fell 4p yesterday to close at 194p (10p below the price when the bid was launched three weeks ago) while Pleasurama's ordinary shares dropped 3p to 243p - 6.4p above the value of the offer.

YARD poised to take over research body

By James Buxton

YARD, the Glasgow-based consulting engineers, is ready to take over the National Engineering Laboratory, the research institution set for privatisation, in a joint venture with the laboratory's management and staff.

Lord Young, the Trade and Industry Secretary, who received nine bids for the laboratory, wants YARD to negotiate a joint proposal with the NEL management, who had put forward their own plan for a staff buy-out.

The Trade and Industry Department will discuss terms with the joint venture for the transfer of the laboratory, which is in East Kilbride in Scotland. No price has yet been agreed.

However, unions representing the 600 workers at NEL last night threatened to try to block the sale in court unless they win guarantees about future job prospects.

YARD, which specialises in marine work, is a subsidiary of the CAP Group, which operates in a range of technical consultancy fields. CAP recently merged with French consultants Sema-Metra.

Nine groups offered to take over NEL, including English-based consultancies such as PERA and BHRA.

In Brief

C&W in offshore service venture

Cable and Wireless (Marine), the telecommunications group, has set up a joint venture with Norwegian and French partners to establish an offshore service base at Teesside, north-east England, writes Stephen Butler.

The joint venture company, Northern Contractors, is to be owned equally by Cable and Wireless, the Andreas Usgard Group of Norway, which has an oilfield service capability, and Coflexip of France, which is a leader in the field of flexible pipeline technology.

The aim is to create a company capable of engineering, installing and servicing the next generation of high technology subsea projects from bases spread around the North Sea.

Car imports 60%

Some 60.2 per cent of the 390,540 new cars sold in the first 20 days of August were imports, statistics from the Society of Motor Manufacturers and Traders showed.

Halifax up 39%

Halifax building society, Britain's biggest, saw pre-tax profits rise 39 per cent to £145m in the first six months. The society's assets rose to £26.45bn from £20.35.

Life group quits

Scottish Amicable, Glasgow-based mutual life assurance society, is to end a 28-year-old involvement in Australia by selling its business there to Melbourne-based Colonial Mutual for between A\$100m (£42m-£48m).

Nice-Pak in Wales

Nice-Pak Products of the US, maker of wet wipes, is to build its first European factory in North Wales. The investment of £4m in the 60,000 sq ft factory should create 125 jobs.

Ulster investment

Investment in Northern Irish industry since the establishment of the Industrial Development Board six years ago has passed £1bn.

Modern languages gain high pass mark in new examination

By David Thomas, Education Correspondent

A MARKED general improvement in examination results, with a particularly big jump in standards for modern languages, has resulted from the new General Certificate of Secondary Education, the examining groups claimed yesterday.

However, there is also evidence of poorer results in English and mathematics, which the School Examinations and Assessment Council, the new statutory body charged with overseeing the examination system, said it would act on vigorously if substantiated.

The Education Secretary also confirmed that the Government was reviewing its efforts to ensure that employ-

ers understood the new examination, which is designed for children of all abilities.

Mr Kenneth Baker, Education Secretary, praised the examination for improving classroom standards, which had been confirmed by independent monitoring by the schools inspectorate. But there were suggestions from right-wing educationalists that the improved results might be due to the examination being easier than the one it replaced.

The Education Secretary also confirmed that the Government was reviewing its efforts to ensure that employ-

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE, representing all the examining groups, yesterday released provisional information on 88 per cent of this year's GCSE entries.

This showed that the higher grades A-C had been awarded to 41.8 per cent of GCSE entries, compared with 39.8 per cent reaching the equivalent of grade A-C in O level or grade 1 in CSE last year. The top grade A pass was awarded to 8.5 per cent of GCSE entries, as against 6.8 per cent achieving the equivalent grade last year.

The results of the GCSE, set

ers understood the new examination, which is designed for children of all abilities.

The Joint Council of the GCSE

UK NEWS

N Sea operators ordered to tighten safety systems

By Steven Butler

THE DEPARTMENT of Energy yesterday ordered oil companies operating in the North Sea to submit plans for the improvement of safety systems on offshore installations.

The order is the Government's first move to tighten North Sea safety after the Piper Alpha oil platform disaster on July 6, in which 167 men died when fire engulfed and destroyed the platform.

By October 15 North Sea operators must formulate proposals for the installation of equipment that will allow for rapid isolation of platform structures from pipelines.

The exercise could result in hundreds of millions of pounds in new expenses because the Government is encouraging the installation of subsea or underwater equipment.

The failure of isolation equipment on the Piper Alpha platform, after an initial explosion at a gas compressor, is thought to have allowed a rapid backflow of compressed gas that had been compressed on the platform, below the 10-mile-long pipe to the fire gas line. This was fuelled the fire that board the platform and turned what might have been only a serious incident into a disaster.

The Department wants operators to install new emergency shutoff valves, preferably on the seabed, that would rapidly close off the pipelines and prevent a backflow of oil or gas.

The order comes in the form



The wrecked Piper Alpha platform

of a letter from Mr Jim Petrie, director of safety at the Department, and is a carefully balanced document aimed at forcing the oil companies to come up with adequate solutions without mandating any particular course of action.

GEC says it may bid for Short Brothers

By Michael Donne, Aerospace Correspondent

GEC, the UK electronics company, confirmed yesterday that it has registered with the Government its interest in bidding for Short Brothers, the Belfast-based aerospace manufacturer.

The group has not, however, taken any further steps towards a possible bid.

GEC is the third big international group to indicate an interest in Short Brothers. The others are Boeing, the US aerospace conglomerate, and Fokker, the Netherlands aerospace manufacturer.

The Government announced its proposal to sell Short Brothers in July. Before any bid can be considered, however, the group must arrange a financial reconstruction and produce a prospectus. This is being organised with its financial advisers, Barclays de Zoete Wedd.

The Shorts' board recently won an undertaking from the Government to consider only bids for the group as a whole. It had intended allowing bids for any of its three main sectors: aircraft, missiles and aircraft parts.

Short Brothers makes parts for Boeing airliners, including the 747 Jumbo jet and wings for the Fokker 100 twin-engined jet airliner.

But while Mr Frank Shrontz, president of Boeing, has admitted that his company is undertaking a 30-day detailed study of Short Brothers, he has also stressed that Boeing is "not enthusiastic" about buying Shorts and would prefer to keep it as sub-contractor.

One reason for this is that the light aircraft manufacturing division of Short Brothers, building the Type 330 and 360 turbo-prop airliners, competes in world markets with de Havilland of Canada, which was recently taken over by Boeing.

"We do not want two such manufacturers", said Mr Shrontz recently, adding that he did not see how Short Brothers could fit into the Boeing corporate structure.

Fokker's interest, revealed this week, is also confined to a feasibility study.

British Aerospace has said it is not interested in buying the group.

partly reflects the mild winter weather which spurred building in the first three months.

New construction orders received by contractors for the second quarter of 1988 were worth \$4.5bn, 12 per cent less than the first quarter figure of \$4.9bn. They were still 9 per cent higher than the \$3.9bn in

the second quarter of 1987.

Mr Mark Callender, economist for the Building Employers Confederation, described the quarterly drop as a "quirk". A recent survey of the confederation's members showed that 82 per cent expected workloads to rise next year, the highest proportion in

the 1980s.

Building orders show decline

By John Hunt

THE HIGH levels of building in the first quarter of the year have fallen in the second quarter, according to figures released yesterday by the Department of the Environment.

However, levels of construction are still well above the same period last year.

The second-quarter decline

partly reflects the mild winter weather which spurred building in the first three months.

New construction orders received by contractors for the second quarter of 1988 were worth \$4.5bn, 12 per cent less than the first quarter figure of \$4.9bn. They were still 9 per cent higher than the \$3.9bn in

the second quarter of 1987.

Mr Mark Callender, economist for the Building Employers Confederation, described the quarterly drop as a "quirk". A recent survey of the confederation's members showed that 82 per cent expected workloads to rise next year, the highest proportion in

the 1980s.

Issues to be discussed:

- With the shift to business with personal as opposed to corporate customers, how will technology change the competitive balance in retail financial services?
- Getting the most out of the investment in technology, how to measure the benefit
- Plastic cards into the 90s, creating unity
- Computing standards in the banking environment
- Marketing by creating a common customer file

Speakers include:

Mr Gene Lockhart
Midland Bank plc
Mr Peter Duerden
Royal Insurance UK Limited
Mr R B van Eldik
European Council for Payment Systems
Mr Philip Court
Birmingham Midshires Building Society

Mr Jacques de Keyser
Generale Bank
Mr David Brearley
Standard Chartered Bank
Mr Patrick Mill
NCP Limited
Mr Alec Nacamull
S.W.I.F.T. s.c.

Complete and return to:
Financial Times Conference Organisation:
126 Jermyn Street, LONDON SW1Y 4UJ
Tel: 01-925 2323 Fax: 27347 FTCONF G Fax: 01-925 2125

Name _____
Position _____
Company _____
Address _____

Tel _____ Fax _____ Tlx _____
Type of Business _____

Electronic Financial Services into the 90s

Please send me further details



A FINANCIAL TIMES CONFERENCE

NATIONAL INSTITUTE ECONOMIC REVIEW

Slowdown, but recession unlikely

By Simon Holberton, Economics Staff

GROWTH in the British economy will slow significantly in the next 18 months, but there is no recession in prospect, according to the National Institute of Economic and Social Research.

The Institute forecasts in its quarterly review of the British economy, published today, that growth will reach 4 per cent this year and slow to an annual rate of 2.5 per cent by the end of 1989.

The group has not, however, taken any further steps towards a possible bid.

GEC is the third big international group to indicate an interest in Short Brothers. The others are Boeing, the US aerospace conglomerate, and Fokker, the Netherlands aerospace manufacturer.

The Government announced its proposal to sell Short Brothers in July. Before any bid can be considered, however, the group must arrange a financial reconstruction and produce a prospectus. This is being organised with its financial advisers, Barclays de Zoete Wedd.

The Shorts' board recently won an undertaking from the Government to consider only bids for the group as a whole. It had intended allowing bids for any of its three main sectors: aircraft, missiles and aircraft parts.

Short Brothers makes parts for Boeing airliners, including the 747 Jumbo jet and wings for the Fokker 100 twin-engined jet airliner.

But while Mr Frank Shrontz, president of Boeing, has admitted that his company is undertaking a 30-day detailed study of Short Brothers, he has also stressed that Boeing is "not enthusiastic" about buying Shorts and would prefer to keep it as sub-contractor.

One reason for this is that the light aircraft manufacturing division of Short Brothers, building the Type 330 and 360 turbo-prop airliners, competes in world markets with de Havilland of Canada, which was recently taken over by Boeing.

"We do not want two such manufacturers", said Mr Shrontz recently, adding that he did not see how Short Brothers could fit into the Boeing corporate structure.

Fokker's interest, revealed this week, is also confined to a feasibility study.

British Aerospace has said it is not interested in buying the group.

partly reflects the mild winter weather which spurred building in the first three months.

New construction orders received by contractors for the second quarter of 1988 were worth \$4.5bn, 12 per cent less than the first quarter figure of \$4.9bn. They were still 9 per cent higher than the \$3.9bn in

the second quarter of 1987.

Mr Mark Callender, economist for the Building Employers Confederation, described the quarterly drop as a "quirk". A recent survey of the confederation's members showed that 82 per cent expected workloads to rise next year, the highest proportion in

the 1980s.

The second-quarter decline

Danger of distortion in credit controls

By Our Economics Staff

GOVERNMENT CONTROLS on household credit could work, but their introduction would not be smooth or costless, says a paper in the review.

Two types of control are considered in detail in the paper — taxes on debt or interest payments and direct controls on the terms of new loans. Both would be used to curb excessive credit expansion.

They would work in different ways to credit controls used in the 1950s and 1960s, says the paper. Changes in financial markets and institutions make it unlikely that measures used

then — such as controls on hire purchase or on institutions' balance sheets — would be successful.

Although rejected by Mr Nigel Lawson, Chancellor of the Exchequer, many independent economists believe credit controls should be introduced to moderate consumer spending and prevent overheating in the economy.

However, the paper says credit controls could distort the economy and there would be difficulties in making them leak-proof.

More than 80 per cent of new debt contracted by households is in the form of mortgages.

Interest rates 'blunt weapon' for inflation

By Simon Holberton

HIGHER interest rates are likely to have a "substantial" effect on the level of domestic demand but their effect on inflation will be negligible, according to the review.

A rise in interest rates of 2 percentage points together with the exchange rate held constant would reduce total output by 0.5 percentage points in the first year and by 0.7 points by the end of two years from what it would otherwise have been.

The effect on inflation, however, is "trivial". Higher mortgage interest rates feed into the retail prices index so RPI inflation actually rises because of increased interest rates. A boost to recorded inflation could add to upward pressure on pay settlements.

This leads the National Institute to conclude that interest rates are a relatively blunt instrument when they are used to fight inflation. If, however, the exchange rate were to rise because of higher interest rates, then downward pressure on inflation would result as a consequence of lower import costs.

These findings would seem to contradict the current policy line of the Treasury.

SUMMARY OF FORECAST: UK ECONOMY

Real GDP ¹ 1988	Real GDP non-oil 1988	Manufacturing output 1988	Unemploy- ment 1988	RPI ² 1988	Current balance ³ 1988	PSBR ⁴ 1988
2.5	2.0	8.2	5.1	3.4	0.1	2.0
4.0	3.5	8.4	2.7	4.1	-1.6	3.4
3.5	3.0	8.1	2.2	4.8	-11.2	3.0
2.4	2.0	7.8	1.8	5.5	-13.4	2.8

¹Output measure, percentage change, year on year. ²Retail price index, ³Trade balance, ⁴Official year, £m.

This year's current account deficit could reach £11.2bn and widen further in 1989 to £13.4bn. This results largely from the present consumer boom allied to strong manufacturing investment, rather than an export failure among UK companies.

The Government should attempt to cope with excess consumer spending by tightening fiscal policy rather than raising interest rates further.

The Institute also foresees positive prospects for British industry in international trade. It forecasts the volume of manufactured exports rising by nearly 4 per cent this year, by 7.5 in 1989 and then average growth of about 5 per cent in the early 1990s.

Imports have been sucked in much faster and are forecast to rise by 13 per cent this year and 9.5 per cent in 1989. The Institute's model of the economy, however, points to a long-run relationship between imports, final expenditure, competitiveness and the use of capacity.

It says: "Our forecasts of manufacturing output and the capital stock imply that overcapacity will soon turn around and begin rising."

"By the end of next year it may be back to above the level recorded at the beginning of this year. By the early 1990s it will be back at levels similar to those before the current boom began. The period of 'overheating' will be over."

Growth to ease in leading economies

By Ralph Atkins, Economics Staff

A FALL in the value of the dollar, an improvement in the US trade position and slower growth in leading world economies are forecast in the review.

Economic growth rates in the US, Japan, West Germany and France are all expected to be lower in 1989 than for this year. Inflation is expected to rise moderately in 1988 and then fall back.

The main problem facing the UK economy is, however, a widening deficit on the current account of the balance of payments, the boom in consumer spending and imports by cutting taxes by less than is planned for 1989. Instead of making £3bn in tax cuts, as foreshadowed in this year's budget, the Chancellor of the Exchequer should remit only £1.5bn and do so in a such a way as to limit the impact on personal incomes.

The Institute is sanguine about "overheating" in the economy. It foresees capacity restraints easing as the economy slows and imports for manufacturing investment falling after 1990. Growth in earnings, which has been buoyed

by overtime payments, should fall as the economy slows and less overtime is worked.

The Institute also foresees positive prospects for British industry in international trade. It forecasts the volume of manufactured exports rising by nearly 4 per cent this year, by 7.5 in 1989 and then average growth of about 5 per cent in the early 1990s.

Imports have been sucked in much faster and are forecast to rise by 13 per cent this year and 9.5 per cent in 1989. The Institute's model of the economy, however, points to a long-run relationship between imports, final expenditure, competitiveness and the use of capacity.

It says: "Our forecasts of manufacturing output and the capital stock imply that overcapacity will soon turn around and begin rising."

"By the end of next year it may be back to above the level recorded at the beginning of this year. By the early 1990s it will be back at levels similar to those before the current boom began. The period of 'overheating' will be over."

The Institute is sanguine about "overheating" in the economy. It foresees capacity restraints easing as the economy slows and imports for manufacturing investment falling after 1990. Growth in earnings, which has been buoyed

PORTFOLIO



INDUSTRY / COMMERCE

COMMERCIAL ACCOUNTANT
c. London to £45,000 + car
High flyer for expanding design consultancy.

CORPORATE FINANCE
W8 to £45,000
Exceptional ACA for highly successful PLC.

GROUP ACCOUNTANT
Essex £45,000 + car
Advisory role in UK's best known Electronics Co.

ENERGY ANALYST
City £24,000
Oil & Gas specialist for US Bank.

FINANCE DIRECTOR
Swansea c. £25,000 + car
Int. manufacturing ED. and Co. Sec. responsibility.

HD DESIGNATE
C. London c. £25,000 + car
High profile role in young company.

LEISURE SECTOR
FINANCIAL CONTROLLER
to £40,000
Superb opportunity for exceptional ACA in high profile PLC.

CONTACT: 086 9501 REF FC888

FINANCE DIRECTOR
Glasgow £24,000 + car
+ bonus
Key member of board in expanding service group.

ASSISTANT FINANCIAL CONTROLLER
Glasgow £26,000
Cash flow forecasts, financial plans, systems etc.

CONTACT: 041-226 9001

FOREX CONSULTANT
Edinburgh to £25,000
+ bonus
Experienced dealer to advise in all aspects.

FINANCIAL CONTROLLER
Edinburgh to £30,000 + car
Responsible for accounting functions in major retailing

CONTACT: 031-225 7744

DIVISIONAL FINANCIAL CONTROLLER
Cheshire c. £20,000 + car
Identify and analyse acquisitions in International Engineering Group.

CHIEF ACCOUNTANT
Manchester to £30,000
+ car + profit share
Control £5m division of diverse PLC.

HEAD OFFICE ACCOUNTANT c. £24,000
Manchester + car

PRESTIGIOUS HOTEL FINANCIAL DIRECTOR
Cheshire c. £28,000 + car + bonus
Formulating and implementing strategic plans and managing the whole finance function.

CONTACT: 061-236 1551

COMMERCIAL ACCOUNTANT
Birmingham to £20,000
+ car
Profit performance accounting experience essential.

FINANCIAL ACCOUNTANT £24,000
Leicester to £24,000 + car
CONTACT: 011-4411

OVERSEAS

HONG KONG
Newly to 4 years PQE
to £27,000
Dynamic and exciting environment in law practice.

WEST GERMANY
Managers to £20,000
International and local client portfolio.

CONTACT: 086 9501 REF OS888

MANAGEMENT CONSULTANCY

TREASURY CONSULTANTS
London to £50,000
Advice on strategic development and implementation.

SPECIALIST CONSULTANCY
London to £25,000
Banks/financial institutions seeking significant experience.

SYSTEMS ACCOUNTANT
London to £40,000
Graduate ACA or MBA with 4 years line experience.

STRATEGIC CONSULTANCY
London to £45,000 +
Exceptional account for US based strategic consultancy.

CONTACT: 086 9501 REF MC888

TAX

CORPORATE TAX SPECIALIST
London to c. £45,000
Major clearing bank prefers ATIL.

GROUP TAX MANAGER
London to £45,000 + car
Excellent partnership prospects for ACA/IR Inspector.

SENIOR CONSULTANT
London to £45,000 + car
ACA/Lawyer min. 5 years corporate tax experience.

INSTANT EQUITY PARTNER
Home Countries from £20,000
Top quality specialist for major firm.

SENIOR MIXED TAX MANAGER c. £35,000
London + car

INTERNATIONAL TAX MANAGER
London to £35,000

CONTACT: 086 9501 REF TAX888

PUBLIC PRACTICE

TRAINING MANAGER
London to £20,000
+ benefits
New opportunity with definite partnership prospects.

PROSPECTIVE PARTNERS
London to £25,000 + car
Audit Managers for medium sized practice.

COMPUTER AUDIT
London to £25,000 + car

RECENTLY QUALIFIED
London to £25,000 + car

CONTACT: 086 9501 REF PRACT888

LONDON
01-636 9501

MANCHESTER
061-236 1553

DOUGLAS LLAMBIAIS

INTERNATIONAL APPOINTMENTS

Senior executive posts at Visa and MasterCard

VISA, world leader in the credit card business, has announced the election of Mr Jon M. Christoffersen as president of the USA region of VISA International.

The appointment will take effect from the beginning of October.

VISA USA, one of five Visa International regions, represents the Visa programme in the US on behalf of its 18,000 member financial institutions.

VISA International is the largest payment systems organisation, with 1.75m cardholders worldwide and 28,000 cash dispensing machines spread over 30 countries linked to the network.

The cards are accepted in 8m outlets.

Mr Christoffersen, 45, is vice-chairman of Security Pacific Bank and was until recently president of Rainier Bank and Kammer Bankorporation.

VISA USA has also announced the promotion of executive vice-president Mr Roger L. Pearce, 47, to chief operating officer of the corporation, a new post.

Mr Charles T. Russell, Visa USA president since 1981, retains his other post as chief executive of the region, and remains president and chief executive of VISA International.

Mr Russell, 58, who plans to remain with VISA for at least three more years, said: "Mr Christoffersen's extensive background in banking can

only serve to strengthen our programme in the US."

VISA leads the US credit card industry with 110m cardholders.

MasterCard

MATRICAL RIVAL to VISA and taking second place with 14m cardholders worldwide is New York-based MasterCard International, which has appointed Mr Jack E. Robinson to the Office of the Chief Executive as assistant to the president.

Initially, Mr Robinson will assume marketing responsibilities under the direction of Mr Peter S.P. Dimsey, executive vice-president in charge of marketing and advertising.

Leading bank selects new chief

By Sara Webb in Stockholm

SKANDINAViska Enskilda Banken, Sweden's leading commercial bank, announced yesterday that Mr Jacob Palmstierna would succeed Mr Hans Cavalli-Björkman as group chief executive and chairman of the executive management.

The bank said that a formal decision would be taken at the statutory board meeting following the annual general meeting next April.

Mr Palmstierna is currently the managing director of the bank with special responsibility for the group's interna-

tional business and is the deputy chairman of the executive management. Mr Palmstierna was widely tipped to succeed Mr Cavalli-Björkman.

The bank said that a formal decision would be taken at the statutory board meeting following the annual general meeting next April.

In future, S-E Banken's executive management will have four instead of the usual five managing directors - Mr Palmstierna, Mr Rutger Barnevik, Mr Carl Löwenhielm and Mr Bo Ramfors, who will be appointed deputy chairman of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 1960 where he rose to executive vice-president in 1969.

The bank merged to form Skandinaviska Enskilda Banken in 1972, and in 1976 he became a member of the executive management.

Mr Palmstierna, 54, joined Stockholm's Enskilda Bank in 196

Finance Director

£30,000 + bonus + car
Wiltshire

This client is seeking a Finance Director experienced in an engineering environment who is used to working alongside a keen minded Chief Executive/Managing Director on the strategic issues in addition to maintaining the financial control function across the business and managing the accounting function economically.

A proven track record of profit improvement, balance sheet management and successful strategic direction in an independent medium sized engineering business using advanced computer systems is essential.

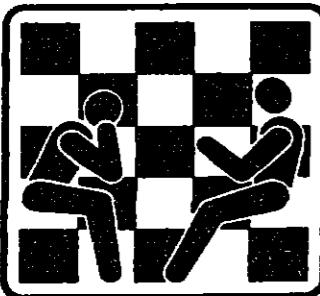
The company, dual sited with separate products entering the same market, is part of a well funded holding group which has a very successful growth record. Success in this role should lead to expanded responsibilities by the addition of further businesses. The Finance Director will be accorded a high level of autonomy and will be expected to produce results.

Age guideline 30-40. Relocation assistance available where necessary.

Please reply in confidence quoting ref L374 to:

Brian H. Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search



Think Several Moves Ahead

Business Consultancy Manager

Surrey/Berks

Our client, a subsidiary of a Blue Chip Group, has a turnover exceeding £500m and profits which have doubled over the last three years.

To enhance their continuing expansion programme, the company now seeks a Business Consultancy Manager who will perform financial reviews, organic development proposals, acquisition investigations and operational reviews, the latter two forming a substantial and increasing part of the role.

Whilst assisting the company in strategically planning its commercial activities, you will simultaneously be positioning yourself for future promotional moves within the Group.

If you are a recently qualified accountant with major company audit experience, a high degree of computer literacy and strong communication skills, together with an ability to think several moves ahead, then your opening gambit must be to write today to Peter Green, enclosing a comprehensive CV at 410 Strand, London WC2R 0NS quoting reference 2373.



FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS
DOUGLAS LLAMBIA
LONDON • BIRMINGHAM • LIVERPOOL • MANCHESTER • ABERDEEN • EDINBURGH • GLASGOW
DOUGLAS LLAMBIA ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9501

- ◆ To £26,000+ fully expensed car
- ◆ Operational Review
- ◆ Acquisition Investigations
- ◆ Genuine Career Progression

Financial Director

Milton Keynes
£34k + car + benefits

A major Swedish owned health care group with worldwide turnover in excess of £550m and established markets in pharmaceuticals, ophthalmics and diagnostics has become a world-leading supplier of biotechnological products. The company, which turnover exceeds £30m, seeks a Financial Director who will be a qualified accountant in the age range 30-45. He or she will have a key role in the senior management team and functional responsibility for:

- all aspects of accounting and management reporting
- statutory reporting and company secretarial matters
- the management and ongoing development of computer systems
- taxation, treasury, legal and regulatory matters
- investor relations

Several years experience in a senior line financial management position in such roles as financial controller or deputy financial director is a prerequisite as is big company accounting experience and familiarity with effective computer based accounting systems.

Personal qualities required include an informal team orientated management style and a creative entrepreneurial approach.

This is a board level position in a company that has a consistent record of growth through the 1980's where long term prospects are excellent. Initial benefits include a salary around £34k and a first class benefits package. Relocation assistance will be available in appropriate circumstances.

Write in confidence to John Gregory at John Courtis and Partners, Selection Consultants, 88 St. Swithin's Boulevard, Central Milton Keynes MK9 3ND, demonstrating your relevance clearly and quoting 5178/FT. Both men and women may apply.

J.C.P.
Management Selection and Search
London, Milton Keynes, Wilmot

JOHN SWIRE & SONS LIMITED



RECENTLY QUALIFIED ACCOUNTANT
The Head Office in London of this International group is seeking a young qualified accountant, or finalist awaiting results.

The successful applicant will be responsible for the Head Office accounts department, undertake the preparation of statutory accounts, budgets and management accounts for a number of companies and assist with the Group consolidations.

A computerised accounting system has recently been installed and a number of database and financial information projects are in the course of development, in which the successful candidate will participate.

A competitive salary plus a car is offered. The Company operates a subsidised mortgage scheme, a bonus scheme and provides excellent pension benefits.

*Write in confidence to:
J.C. Brodie, Personnel Manager
JOHN SWIRE & SONS LTD.
Swire House, 59, Buckingham Gate, London SW1E 6AJ*

FINANCIAL MANAGEMENT

Central London

As one of Britain's foremost multinationals this organisation is committed to continued large-scale growth in the high-tech sector. Their long-term expansion plans will be met by an ongoing strategy of acquisition, aimed at preserving their position as a leading innovator with an impressive record of investment in Research & Development.

The structure of the company - autonomous subsidiaries reporting into a head office - has led to the development of a high-profile centralised finance function. There is an immediate need for an ambitious accountant, either ACA or ACCA.

To £28k + Benefits

Responsibilities will include the interpretation and analysis of data and subsequent presentation of information at Board level. Working as part of a team in a supervisory capacity this position presents a first rate opportunity to contribute to a dynamic and professional department.

As an accountant with at least two years post qualification experience and excellent computer skills, preferably including financial modelling, you will require the foresight and ability to see beyond figures and address key operational issues.

Interested applicants should contact Fergus Hooley on 01-437 0464, or write enclosing brief details to the address below.

ROBERT WALTERS ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place, Leicester Square, London WC2H 7BP

Telephone: 01-437 0464

Appointments Wanted

Swiss, 40, MBA, bus. strategist, entrep. allround with affinity in Marketing, Finance, Control seeks long-term INTERNATIONAL challenge. vast experience in Africa/Mid-East. Lang. E/G/F/Arab. Reply to c/o: 44-137 941, Padias, 8221 Zurich, Switzerland

Operational Audit Manager

Midlands

Up to £30k

Committed, competitive and highly successful, our client is a prestigious multi-national group with a turnover in excess of £1.5 billion.

As a result of a recent promotion a unique opportunity has arisen within the high profile Group Corporate Audit Department. Reporting to the Head of Corporate Audit the successful candidate will manage a team of auditors based in Germany and the USA as well as the UK. The position is a consultancy, 'troubleshooting' role which, in addition to evaluation of systems and management controls, will have a direct contribution to the improvement of corporate profitability through close operational contact with subsidiaries.

Interested candidates must be able to demonstrate high levels of commercial

awareness, initiative, drive and interpersonal skills and will have a track record of achievement in a commercial/industrial environment. Aged 35-45, you will need to have an ACA, ACMA or ACCA qualification and will probably be an honours graduate/MBA. A German language capability would also be a major advantage.

As well as a very attractive salary package plus fully expensed car the group will provide a pension scheme, life assurance and private health insurance. There are excellent career opportunities.

Interested candidates should contact Tony Hodges ACA, Executive Division at Michael Page Partnership, Bennett Court, 6 Bennett Hill, Birmingham B2 5ST or telephone him on 021-643 6255.



Michael Page Partnership

International Recruitment Consultants

London • Bristol • Windsor • St Albans • Leatherhead • Birmingham • Nottingham

Manchester • Leeds • Newcastle-upon-Tyne • Glasgow • Worldwide

Financial Controller

We are a privately owned Group acting primarily as specialist trade contractors in the construction industry. Current turnover is approaching £10m. and growing. With nearly 300 staff employed at our West Midlands office and Eastbourne Head Office we are market leaders in our field with a reputation for excellence.

We now require a Group Financial Controller, who will report direct to the M.D. to take complete responsibility for the financial management, accounting and secretarial duties. The successful candidate will also be expected to develop the computer based management information systems and play an active role in the general management and further development of the business.

Candidates should be under 45, professionally qualified, with good industrial experience. You will be commercially aware, energetic, have excellent interpersonal skills and be excited by influencing policy at the highest level.

A fully competitive salary and an attractive range of executive level benefits will be offered, together with the prospect of an early Board appointment, to the successful candidate. Please send full career and salary details, marked 'Private & Confidential', to the Managing Director, Hotchkiss Group, Hampden Park, Eastbourne, East Sussex, BN22 9AX

ASSISTANT to GROUP CONTROLLER

BUCKS/LONDON **reg. c.£25,000 + CAR**

A major British manufacturing group with annual sales c.£80m seeks a strong but diplomatic young CA/CIMA/ACA in the probable age range 25-32 as a senior member of the finance management team.

The successful candidate will be clear thinking and analytical and should have a proven track record of 1-2 years systems experience including successful implementation as there is initially a 12 month systems task to be done.

Career prospects for someone who shows dedication and loyalty are FIRST CLASS and will be clarified to shortlisted candidates.

Contact:
GEORGE D. MAXWELL
Managing Director
13 Montague Street
London WIN 7RH
Telephone: 01-580 7739/7695



DIVISIONAL FINANCIAL CONTROLLER LANCASHIRE

A Financial Controller is required for the Motor Manufacturing Division of a large British-based Company in the service sector. The division, which operates on three separate sites, designs, produces and markets specialist vehicles, and has an annual turnover in excess of £10m.

The requirement is for a qualified accountant with real hands-on experience of computer-based accounting and manufacturing systems, who will make a large contribution to the business.

The Financial Controller is based in Lancashire. This is an exciting opportunity within a progressive and expanding Company. Conditions of employment are competitive, where success will be recognised. Relocation expenses are available if necessary.

Send a concise CV for my personal attention, or telephone for a discussion.

G.M. LOCKHART
Managing Director
Coleman Mine Limited,
Wigan Road,
Wigan,
Lancashire BL5 2EE
Telephone: 0942 815600

ACCOUNTANT

PART QUALIFIED £15-20K TWYFORD, BERKS

You are: under 25; expecting to qualify within 12 months; looking for a controllership in the short term.

The work involves: legal; local and tax accounting; reporting to our U.S. headquarters; working at our Twyford offices; a sales and marketing environment.

We are: the world's largest independent terminal manufacturer and one of the leading computer systems companies that designs and manufactures industry standard microprocessor-based solutions.

Please apply to:
Lee Kemp
Wye Technology (U.K.) Ltd
1 The Pavilions
Ruscombe Park, Twyford
Berkshire RG10 9NN

WYSE

We make it better, or we just don't make it.

Financial Director Southern Home Counties

A dynamic acquisitive plc operating in the property services sector have a unique and challenging opportunity at board level, for an assertive and commercially minded Accountant.

Joining a small head office team and reporting to the Managing Director, the successful applicant will assume full responsibility for full financial reporting and monitoring of a multi-locational, fast expanding company.

The position demands sound technical ability, thus a qualified Accountant is preferred. Adaptability, highly developed management and communications skills, together with familiarity with computerised accounting systems are pre-requisites. Most important however, is the strength of personality and self-confidence to assert control on a diverse operation in a demanding sales environment.

The career prospects are excellent for an individual with the potential to develop with the company as it grows.

An excellent remuneration package with full benefits and a quality car will be negotiated.

Replies in strict confidence to Box A 0976

...managing the challenge of profitable growth.

Financial Director

London Area

c.£45,000 + Director Benefits

We are acting for the pharmaceutical group of a leading research based international Plc involved in the ethical drug sector. The pharmaceutical group has a number of manufacturing and marketing operations both in the UK and overseas.

We are seeking an outstanding Financial Director who will make a significant contribution to the next phase of growth through efficient business planning and strong financial control. Key elements of this role will be to manage and motivate a large finance team and provide strategic input to the direction of the company.

The successful candidate will be a qualified accountant aged 35-45, who must have significant management experience, strong

inter-personal skills and the ability to adopt a flexible approach to a wide range of business situations. In addition, he/she must have large company manufacturing experience within a commercial environment.

Experience of the pharmaceutical industry and international business exposure is highly desirable.

The prospects within the group are excellent and the ability to advance beyond this immediate position is a pre-requisite.

Interested candidates should write to Jon Anderson ACMA, Executive Division enclosing a comprehensive C.V. and daytime telephone number quoting ref: M102 at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LE.



Michael Page Partnership

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Manager

c.£30,000 + Car

A measure of this major British company's success is its growth in the last seven years: sales turnover has quadrupled to around £2 billion and profits have leapt almost 600% to more than £700 million. As well as being one of the UK's fastest growing and most successful multinationals it is a market leader in its field.

This success has prompted reorganisation and the need for a Finance Manager for a trading division within the main UK operating company. As a key member of the executive team you will provide a financial management service to both management and the Board of Directors. Emphasis will be placed on assisting the division's commercial growth through the establishment, development and monitoring of effective budgeting and

strategic planning. You will also initiate critical appraisals of business opportunities, operational reviews and ad hoc projects.

Candidates will be graduate qualified accountants or MBAs, aged 26-33, with at least two years' post-qualifying experience in industry. You should be commercially astute, energetic, innovative and have interpersonal skills to allow you to make a positive contribution toward business development. Success in the role will bring excellent career development opportunities.

Please send career and current salary details to Sue Rossiter at our Maidenhead office. Alternatively, please telephone her on 0628 75956 (anytime) to find out more. Strict confidentiality is of course assured.

MRA SEARCH INTERNATIONAL LIMITED
MRA HUNTER RECRUITMENT
MRA REED RECRUITMENT LTD
MRA SEARCH INTERNATIONAL LTD

Maidenhead, London, Worcester

Search, Selection & Management Consultancy



First out of the starting blocks

Our client, a highly successful Blue Chip Multinational, is offering first class opportunities to newly qualified accountants to develop exciting and rewarding careers.

The Group is a world leader in each of the fields in which it operates and has an outstanding reputation for quality and excellence both in its products and management. The company philosophy is to maximise the potential of its staff through individually tailored development programmes.

Recently qualified or finalist ACAs and CIMAs with experience gained in a major organisation will be given an immediate challenge in Group roles involving international reporting on financial and management information. Openings also exist in the accountancy control function which demand extensive travel worldwide on investigations and projects.

If you can demonstrate a strong record of achievement to date combined with an incisive mind, commercial acumen and the determination to succeed, please write to Pippa Curtis, at our London address quoting ref: 2370.



- ◆ High calibre newly qualified
- ◆ Genuine career development
- ◆ Major blue chip experience
- ◆ Attractive Surrey location
- ◆ Competitive package

FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS
DOUGLAS LAMBIAIS
LONDON · BIRMINGHAM · LIVERPOOL · MANCHESTER · ABERDEEN · EDINBURGH · GLASGOW
DOUGLAS LAMBIAIS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9507

Divisional Group Accountant

High Wycombe

late 20's

around £30,000 + car

As the result of continuing expansion, both by internal growth and by acquisition, our clients, one of the principal divisions of a major UK-based international service group, have created the role of Group Accountant. Reporting to the Managing Director, the successful candidate will be responsible for a variety of work including assisting in the evaluation of potential acquisitions; the review of capital appraisals and the one and three year financial plans; the analysis of financial performance and the preparation of pertinent information for the group management. It is intended that within two years the position should lead to the role of Financial Controller in one of the principal subsidiary companies. Applicants must be Chartered Accountants who have gained a minimum of two years post qualification experience and who are eager to join an entrepreneurial environment. Ref: 1493/F1. Write or telephone for an application form or send full details (with daytime telephone number and current salary) to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

Job in It

ALUMASC
LIMITED

Financial Controller

c.£30,000 + Car

Kettering

Alumasc Limited is the main operating subsidiary of The Alumasc Group plc a £30m turnover group of companies involved in the production of beer containers and dispense equipment, building products and precision components. The Group has shown significant growth since going public two years ago and now wishes to recruit a high calibre individual as Financial Controller of Alumasc Limited in order to support the expansion planned for the future.

As the company continues to grow there is a requirement for the development of a strong computer system and structural changes in the finance area. The incoming controller must therefore be able to demonstrate a track record of success in the planning and implementation of systems in an established finance function and must show the potential to operate in a commercially dynamic environment.



Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Company Secretary

Financial Services

Central London

Our client is a much respected and dynamic financial services group who have experienced considerable growth in recent years and have ambitious plans for further expansion.

They currently require an experienced Company Secretary to take full responsibility for all legal matters, statutory returns, insurance and property affairs. Other key areas include administering the share option scheme and providing legal advice on strategic business alternatives.

The successful candidate will be aged 30-40 and will have either a legal or secretarial qualification. A strong proactive and hard working approach is

MANAGEMENT SELECTION

APPOINTMENTS

ADVERTISING

Appears every
Wednesday
and Thursday

for further information
call 01-248 8000

Deirdre Venables
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

Patrick Williams
ext 3694

Candida Raymond
ext 3351

Accountant (Payments)

West End

c.£20,000

Umm Al-Jawaby Oil Service Company Ltd. provides a comprehensive service to the Libya Oil and Petrochemical Industry.

Reporting to the Chief Accountant, you will be responsible for managing a team of 15 staff dealing with Letters of Credit, the clearing of suppliers invoices, transfers to the purchase ledger and subsequent payments.

Relevant experience gained at a senior level in supplier accounting is essential, and the successful candidate is unlikely to be less than 35 years of age. As you will be liaising with suppliers, and external agencies, a knowledge of banking systems is required. In return, our excellent benefits package includes 25 days' holiday, free life assurance, private health cover, season ticket loan facility, contributory pension scheme and multi-gym membership.

Interested applicants should please write with details of your career to date to the Personnel Co-ordinator, Umm Al-Jawaby Oil Service Company Ltd., 33 Cavendish Square, London W1M 9HF.



JAWABY OIL SERVICE

Newly Qualified Management Accountancy Appointments

For the first time on September 8th, 1988 the Financial Times proposes to publish a list of the Management Accountants who have been successful in the recent Stage 4 final examinations.

The heading will be "Newly Qualified Management Accountancy Appointments", and is an ideal opportunity to recruit Management Accountants with at least three years business experience.

The advertising rate will be £47.00 per single column centimetre with premium positions available by arrangement at £57.00 per single column centimetre.

For further information please contact:
Louise Hunter
Appointments Advertisement Manager
on 01-248 8000 Ext: 3588

or your usual Financial Times Representative

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

DIRECTOR OF FINANCIAL SERVICES

UP TO £24,288 p.a.

A motivated Financial Manager is sought with a good track record in assisting successful implementation of local authority services and new developments.

This post offers the opportunity to work in a modern Local Authority (population approaching 110,000 and annual budget of £90m) situated in an important Development Area of central Scotland.

The Council offers a full benefits package and the salary is due for review from 1st July 1988. Information is available from the Chief Executive, Moniklands District Council, 1000 Monklands Buildings, Dunlop Road, Coatbridge, ML5 3LF (tel. 0226 244411, ext. 200). Closing date for applications 9th September, 1988.

MONKLANDS DISTRICT COUNCIL
MANAGING PROGRESS EFFECTIVELY

A direct line to the
executive shortlist

To ensure the best appointments at a senior level needs more than good advice, accurate objectives and success presentation. InterExecutive not only provides career advice, but also a unique service to bridge the critical gap between consulting and the right job. Why waste time and money on unproductive letters.

InterExecutive can now offer to apply for appointments. Over 30 full-time staff with over 5,000 management vacancies plus InterExecutive's unique ability to offer the only confidential Executive placement service. What is unproductive dry coding you?

For an exploratory meeting without obligation, Telephone InterExecutive on 01-248 5047.

A member of the Career Development & Placement Division

Landseer House, 19 Chancery Lane, London WC2H 0ES.



FOR ACCOUNTANTS

ACCOUNTANT/MANAGER

City £26,000 +
This International Investment Bank seeks a qualified Accountant to manage their Holdings Division. Responsible for management of the holdings accounting. You must possess a high level of communication and management skills, have a good knowledge of Financial Accounting and significant exposure to computers, especially PCs.

For further details contact Richard Green 01-268 0377

Dunlop & Badenoch

Financial Division
60 Mack Lane, London EC3R 7NE Tel: 01-262 0377

MANAGEMENT: Marketing and Advertising

Drinks advertising

Another lager? In the past year, no less than 92 beers and lagers have been advertised on British television and in the press. Here comes the 93rd.

As all-day opening came to England's pubs this week, Molson, the second largest Canadian brewer, launched its premium lager into the crowded market with a £2m television advertising campaign in London and the south-east.

According to Media Register, the advertising expenditure monitors, some £65m a year is being spent on advertising lager. So Molson has to make a big splash if it is to secure a worthwhile share of the £450m (and growing) packaged premium lager sector.

Bob McCabe, a Molson Breweries' vice-president, says that Molson has been studying the market for several years and believes it has a product that will go down well — and that it has the distribution, packaging and points of sale to help it do so.

"We have chosen to export our brand to the UK instead of having someone produce it for us... to guarantee quality," he says.

"But the premium lager market," McCabe adds, "is predominantly about young drinkers who are looking for a beer which makes a statement about themselves and their lifestyles. Where and what they are seen to be drinking is important to them."

To create advertising that would appeal to this image-conscious target audience (ABC12 men and women,

Accentuating the negative

A Canadian brewer is hoping that its target audience in the UK will be sufficiently perverse as to ignore its message. Philip Rawstorne reports



"Jim Dunk says don't drink it"

aged 18-35) against a background of increasingly restrictive advertising regulations, McCabe chose one of London's youngest agencies, Howell Henry Chaldecott Lury.

The agency's creative partners, Steve Henry and Axel Chaldecott, have been responsible for some of the most popular and successful drinks advertising — the Holsten Pils campaign, featuring Griff Rhys-Jones and a host of stars from old films; the Carling Black Label spoof of Shakespeare's Hamlet and Levi's launderette ad.

Their first decision, says HHCL managing partner, Rupert Howell, was to steer clear of Canadian stereotypes.

Mounties or lumberjacks, grizzlies and that sort of thing.

Canadian competitiveness.

Labatt's "Malcolm the Mountie" campaign, says Howell, "is moderately entertaining but doesn't communicate premium quality. Anyway, the stuff's brewed in Warrington."

Instead, the Molson advertising focuses on the fact that it is the only truly genuine Canadian import. "This makes it far more exclusive and far more appealing to our audience," says Howell.

To get the idea of Molson's

exclusivity and quality across, HHCL has chosen an unknown, 50-year-old, balding and overweight actor, called Jim Dunk, to advise viewers not to drink it.

Careful research, says Howell, has shown that British

viewers are discerning enough to realise that when "Jim Dunk says don't drink it", they should do exactly the opposite; that when he screws up his face in disgust as he tastes it, he really means that it is a good drink.

Five advertisements have been made, shot by John Lloyd, director and producer of such TV programmes as *Not The Nine O'Clock News* and *Spitting Image*.

They will appear on television and in cinemas in the

London area in heavy bursts over the next six months before rolling into Scotland, another high lager-drinking area.

John Ayling & Associates, the media company handling the campaign, estimates that the TV advertisements will be seen an average of 14 times by 51 per cent of the target audience.

McCabe admits that Molson would not use such advertising for the product in Canada. "But North American advertising tends to be a bit conventional and boring."

He is confident that the campaign will secure a British market niche comparable to those held by Beck's and Grolsch. There is room for several brands in the high margin sector, he says. "People who buy premium lagers tend to buy a repertoire — not just one brand."

Whatever its success in selling the lager, the campaign seems certain to turn the Bob Hoskins look-alike, Jim Dunk, into a cult figure, as Foster's Lager did for Paul Hogan. Dunk, who was brought up in the East End of London and has appeared in character roles in TV programmes such as *The Bill* and *A Very Peculiar Practice*, is being paid £40,000 a year on an exclusive contract.

As a presenter, he has another overlooked but important advantage. As pressure grows for tighter restrictions on alcohol advertising, surely nobody can claim that Dunk's figure, unlike that of the Hofmeister bear, is an encouragement to the under-18s to start drinking.

The licensing laws are a prime example. Since they were introduced in the First World War in response to the fear that munitions workers were spending their afternoons in pubs instead of at work, society has changed radically.

"Pub closing time is now, for many people, not time to go home to bed — rather, it is time to go in search of a night club," says Bradbury.

Watching television is another example. The UK has now moved into the era of round-the-clock broadcasting and the video cassette recorder is giving people the freedom to watch at any time.

Audience research by the BBC and others suggests that people are habitually staying up late to watch television — either because they do not have to start work early the next day (because of shift-work or flexi-time) or because they are unemployed.

More part-time working, more self-employed people, and more shift-work have all made

Not quite time gentlemen please

David Churchill examines implications of shifting work and leisure patterns

employees increasingly aware of the possibilities of using their available leisure time to better effect.

"Increasingly people will not want to cut themselves off from the normal ways of relaxing simply because of their job," says Bradbury.

The implications of changing time patterns are considerable for the leisure industry — and for other sectors also.

Peak demand for electricity, for example, is closely linked to television schedules. Changes in when and what is watched — and the decline of the mass audience — will help the electricity generating industry to even out its supply curves.

But it will be the operators of main-stream leisure facilities which will come under most pressure to open longer and later to take advantage of extra custom.

The theme park being built at the former Battersea power station in central London, for example, is scheduled to stay open until two o'clock in the morning — with implications for late-night transport, eating, and entertainment facilities.

Fragmented time patterns, moreover, will see the family unit weakened further, especially where there are children or teenagers. Henley believes that it will become more difficult for the family to eat together at the same time, thus boosting the trend towards convenience and fast foods.

There are other significant implications arising from changing time patterns: cinemas and theatres, for example, will need to adjust their performance times to suit their audiences. Cinema matinee performances are becoming increasingly better attended and both cinemas and theatres may be experimenting soon with more late night programmes.

Henley concludes: "The decline of industrial Britain and its replacement by a post-industrial society will have major effects on British lifestyles. The consequences for the leisure industries should not be underrated."

"Leisure Futures, Summer 1988, Henley Centre for Forecasting, 2 Tudor Street, London EC4Y 0AA, £30 a year."

Building societies in the UK may encounter serious marketing problems in pursuing their ambitions "to become banks", and may not find the ready success they apparently expect.

Research on public attitudes towards building societies, carried out among executives, managers and professionals in the Greater London area, suggests that there is deep scepticism about the societies' ability to handle other financial services.

Attempts to move into new financial areas, the research shows, is more likely to jeopardise their traditional image of soundness, stability and probity — the foundation of their core business.

Building societies' expansion into estate agency already appears to have made many people less favourably disposed towards them.

Collett Dickenson Pearce Financial, the advertising agency, conducted the research among well paid executives aged 25-45, who, it says, form the core of the high-value mortgage market, hold the broadest portfolios of financial products and services, of

Building societies in an image trap

Philip Rawstorne on public sentiment towards their diversification plans

are potential buyers of shares in building societies if they become public companies.

These people — 33 per cent of all working people in Greater London compared with 18 per cent in the UK as a whole — represent the most lucrative target for cross-selling financial services. But the research shows that they are suspicious of "one-stop financial shopping" or of financial institutions dealing outside their areas of perceived expertise.

Building societies are favoured because of the stability of their deposit accounts admired as experts in savings. "You know they're not going to do anything too fancy with your money," said one of the interviewees.

The societies are popular precisely because they do not behave like banks. They do not impose charges, have no brand loyalty, but

choose early, or make risky loans to Third World countries. "What do building societies do with the money? Well they don't lend it to the Mexicans, that's one thing," said another respondent.

In line with the attitude that building societies are fundamentally opposite to banks, the general view is that societies would not be capable of even the simplest banking services.

Those interviewed are sceptical about the societies' ability to offer other new services and critical of the quality of building society financial advice. "A building society just isn't geared up to doing stocks and shares and all that malarky."

The good image which societies have as savings institutions does not even extend to their provision of mortgages.

Here there is no brand loyalty, but

constant switching. The house-buying process is seen as an inefficient carpe-up in which estate agents are, the main culprits but societies are, accomplices. "You think, next time the b-s won't get me."

Some possible future dangers are highlighted by the research.

In marketing terms, it appears easier for competitors to attack the building societies' core business than vice-versa. Current accounts, for example, are low value purchases in which there is little incentive to switch; mortgages are high-value purchases in which switching is almost subconscious. "People attribute specific areas of expertise to all financial organisations," say the CDP researchers.

"To move beyond these areas, they must offer incentives for people to trust them. The wider the constituency gap", the sweeter (and

less profitable) the incentive must be."

Their traditional image denies building societies credibility as banks or other types of financial institution. The corollary is that by moving into new areas, the societies may jeopardise the reputation for stability and probity which gives them a massive competitive advantage in attracting savers.

But societies that choose to "stick to their knitting" will not be taking a soft option, the research suggests. At present, the public sees little difference between individual societies in fact, people are irritated by the apparent takeover of the High Street by societies with different names but essentially offering the same services.

"They all do pretty much the same thing, so you just need to buy one of them... why do you need 10 in the same street?"

To stay successful in their traditional business, the research indicates, societies will require a commitment to constant innovation and will have to seek actively to differentiate themselves from their rivals.

cedes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since several other research groups have produced ceramic superconductors which work at higher temperatures than the so-called 1-2-3 compounds discovered by Chu.

As one patent expert said yesterday, "superconductivity patents are an unexplored minefield."

IBM says it cannot discuss its patent applications in detail. It con-

cludes that "we would be in a stronger position today" if the Bednorz-Müller discovery had not been published before the patent application was filed, but adds that "it should make little difference in the long run."

If IBM's position is weak in Europe and Japan, Chu's patent could assume considerable significance outside the US. Yet even this is uncertain, since

ARTS

A low-key wander round the galleries

Mary-Rose Beaumont at the Edinburgh Festival

The visual arts in Edinburgh are nowhere near as exciting as last year, when the Royal Scottish Academy was showing "Art of our Time" from the Saatchi Collection and the Scottish National Gallery of Modern Art was exhibiting young Scottish artists under the title of "The Vigorous Imagination." This year's offerings are comparatively low-key.

At the SNGMA itself there is a reduced version of the Lucian Freud exhibition shown at the Hayward, with a few additional paintings from a Scottish collection, and a group of portraits by Alexander Moffat of young Scottish artists, several of whom had been his students at Glasgow School of Art.

Besides their intrinsic interest as portraits, they are distinctive in their treatment of the background, in which Moffat has included attributes of each artist's own work. There is also a fascinating archive exhibition of drawings by Joan Eardley and photographs of her at work, which pave the way for the major exhibitions of her paintings at the Talbot Rice Centre and the Royal Scottish Academy.

At the Academy itself the Gallery of Modern Art has mounted a retrospective exhibition of Francis Picabia (1879-1953). It has the appearance of being not one exhibition but several, since Picabia careered wilfully through styles and subjects in an evolutionary speed perhaps in emulation of the fast cars he loved to drive. The *site que* now seems to have been an absolute determination to be against the current style, whatever it may have been. He tried out neocubism, with a touch of Delaunay-like Orphism, on the way to Dada, which turned out to be his natural habitat. He refused to align himself with the Surrealists, allergic to the doctrinaire conformity which would have been death to him.

Like his friend Marcel Duchamp he amused himself by equating machinery with sex but, having exhausted that joke, he did a volte-face in the 1940s. Picabia's principal interest for us is his relevance for the present generation of artists. The slickly nudes may well have affected the sadder criticism of Eric Fischl's work. The most obviously influential paintings are the "transparencies," in which one image is superimposed upon another, a device shamelessly appropriated by Steven Polke and David Salle.

The work of the last years is a sad falling off, as Picabia ran through the gamut of his past styles with incoherent desperation. One is left with the feeling that the joker was hoisted with his own petard. In his old age his dandyish dilletantism becomes tired and stale.

To complement "Picabia," a distinguished private collection of many Dada and Surrealist art is exhibited in adjoining rooms. On the walls are top quality works by, among many others, Man Ray, Duchamp, Max Ernst, Magritte, Tanguy and Dali. In the cabinets are fascinating books and periodicals, including an unpublished film script by Dali and a "futurist" catalogue with fashion illustrations by Magritte. The two Picabias in the collection, one of which is a beautiful "transparency," are of finer quality than anything in the exhibition itself.

A choice object is Duchamp's "boîte-en-valise," a box containing tiny facsimiles of many of his favourite works which, needless to say, has provoked a virulent controversy. The walls are now deep red, and he has recently acquired some rare pieces of furniture, from Boule à Kent, which complement the double and sometimes triple hanging of the paintings. The effect is one of domestic opulence.

There have been complaints that the top layer cannot be seen without the aid of field glasses, but at least nearly all the paintings held by the National Gallery are now on view, which must be a good thing.

The work of the last years is a sad falling off, as Picabia ran through the gamut of his past styles with incoherent desperation. One is left with the feeling that the joker was hoisted with his own petard. In his old age his dandyish dilletantism becomes tired and stale.

One of the most sensational prices was £25,000 paid for a promotional thermometer for the film "Some like it hot," showing Marilyn Monroe posing. It sold for £5,000 as against a top estimate of £200.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

The price was above the top estimate, which he wore in Hawaii in 1952, was acquired by the Elvis Presley Museum in Nashville for £15,000, at the bottom of its forecast. The sale, the fifth of a series of pop auctions in London, did well, totalling £15,000.

The suit was designed for "The King" by Bill Belew, who gave the lot a letter of authenticity, and it was worn by Elvis at Madison Square Gardens in 1972.

It is a white one-piece number with gilt studs and a white cap with gold lame lining.

The under bidder was a popular daily newspaper.

Thursday August 25 1988

Poland needs partnership

THE SUMMER of labour discontent in Poland highlights in acute form the dilemma faced by communist leaders in Eastern Europe in introducing economic reforms without altering the political system in which they are expected to work.

General Jaruzelski, the Polish leader, may take some comfort from what appears to be the beginning of an end to the current wave of strikes in the Silesian coal mines. Yet the fundamental problem has not been tackled.

On the one hand, the authorities are trying to modernise the economy, re-align prices and cope with inflation. On the other is a workforce profoundly distrustful of a Communist Party leadership which has failed to deliver the goods for the past 40 years and which is now demanding renewed sacrifices without any hint of genuine consultation or ultimate accountability. These sentiments are echoed throughout Polish society.

State and society

The gap between state and society is wider than ever, and this is - despite Poland's being the country in the Soviet bloc which has gone furthest in controlling human rights abuses, permitting press freedom and giving political and pastoral space to the Roman Catholic Church. These changes have been brought about in spite, or perhaps because of, the trauma of martial law and the stand-off with the Solidarity movement eight years old at the end of this month. Gen Jaruzelski deserves some credit for the way he has kept the Soviet Union at a reasonable distance and gradually lifted the lid of repression.

The miners' strikes are significant because they are led by a younger generation than the old Solidarity leadership. Their militancy stems from a sense of having nothing to lose. The strikes themselves may have had wages as a pretext but the roots of protest have as much to do with abysmal work conditions and inefficient management.

Free trade and natural gas

THIS PROSPECT of serious negotiations for imports of natural gas into the UK this autumn presents the Thatcher Government with a dilemma which it should speedily resolve. On the one hand, ministers want to protect the interests of the UK sector of the North Sea because it provides tax revenue and jobs. On the other hand, the Government is committed, in theory at least, to promoting the interests of the consumer through free trade and competitive markets.

The major oil companies argue that the imports which British Gas is discussing with Norway, Algeria and Nigeria would delay the development of some UK sector North Sea fields. Significant overseas purchases might even result in the loss of some small reserves of gas for ever, since their development depends on using existing facilities while they are still in commission.

This week in Stavanger, Norway, Mr Peter Morrison, the UK oil minister, was singing a muted version of the same tune, partly no doubt to reassure the construction industry in the north-east of England and Scotland. He wants to underpin the recent recovery in confidence after the economic whirlwind of 1986 when oil prices halved. The British Government wants its offshore supplies industry to develop more exporting capacity from its present expertise; a secure domestic market is seen as an important part of this strategy.

Secretive contracts

These arguments for protecting the UK offshore oil and gas industry are in the long run not better than claims for protection by, say, Japanese beef producers or US textile manufacturers. However, in framing policy for the immediate future, the UK Government must take account of the peculiar circumstances of the European natural gas industry.

It has evolved, without any recognisably open market, on the basis of secretive, long-term contracts which transfer part of the production risks from producers to utilities like British Gas. In the past, purchasing utilities typically bought the whole of a field, even when the extent of the reserves was uncertain.

This was convenient for the oil companies, but it now

David Churchill and David Waller look at the UK's fast-growing leisure sector

Empty nester time

The word leisure conjures up images of idleness and ease: snoozing in a deck-chair on a riverbank or sitting on a cafe terrace on the Costa Brava.

But there is little sombre about Britain's leisure industry this summer. Not only has it been one of the economy's largest and fastest growing sectors for most of this decade, it is now the focus of a great deal of stock market interest, heightened by Mecca's £750m hostile takeover bid for Pleasurama.

In 1988, according to the Henley Centre for Forecasting, spending on all types of leisure is expected to grow to £6.8bn, about five times the amount spent on cars this year.

In recent years, the London stock market has given birth to numerous companies with leisure in their name - Mecca Leisure, Blacks Leisure, Midsummer Leisure, Stanley Leisure, European Leisure and Mr Peter de Savary's LandLeisure - to name but a few. These are joining the longer established companies such as First Leisure and Pleasurama in the fight for a share of a market which accounts for nearly a quarter of UK consumer spending.

For all its vast size, however, the industry is an aggregation of myriad small purchases as various as a meal or a night out at a bingo-hall or casino. The business requires a combination of intensive management and stringent financial controls together with a commitment to giving the customer a thoroughly good time. It is difficult to find middle managers prepared to spend on unocial hours while their customers play.

The leisure sector of the UK stock market consists of some 30 companies with a total market capitalisation of nearly £1bn. Of that some 60 per cent is represented by four companies: Trusthouse Forte, Ladbrokes Granada and Thorn EMI (the last two count as leisure stocks because of their TV rental businesses). Of the remaining companies, almost a third have made their stock market debut within the last five years.

For Solidarity to be accepted as a partner would entail profound changes in the rigid thinking and structure of the party, but the alternative is surely worse. Reforms imposed from above stand little chance of popular acceptance in the present Polish climate. Uncontrolled grassroots militancy could well grow, escaping even the control of Solidarity itself.

The miners' strikes are significant because they are led by a younger generation than the old Solidarity leadership. Their militancy stems from a sense of having nothing to lose. The strikes themselves may have had wages as a pretext but the roots of protest have as much to do with abysmal work conditions and inefficient management.

For Solidarity to be accepted as a partner would entail profound changes in the rigid thinking and structure of the party, but the alternative is surely worse. Reforms imposed from above stand little chance of popular acceptance in the present Polish climate. Uncontrolled grassroots militancy could well grow, escaping even the control of Solidarity itself.

Because of this inflexible structure and the lack of a pipeline connection with the European continent, producers in the UK sector have only one possible customer - British Gas. It is not surprising, therefore, that oil companies are alarmed that the corporation should be trying to increase its advantage as sole purchaser and monopoly seller by using the threat of imports to squeeze North Sea prices.

Potential surplus

This issue is becoming especially acute as the perceived shortage of natural gas in Europe changes to a potential surplus. The willingness of Norway to negotiate more flexible prices, new discoveries in the North Sea, the development of the giant Troll field and renewed indications that Algeria will return to realistic pricing have all helped to change perceptions.

If foreign gas does becomes cheaper than the cost of new supplies from the UK North Sea, Britain should respond by dismantling the present obstacles to imports, but at a cautious pace. The abolition of trade barriers will bring few benefits unless accompanied by other changes which will take time.

These include the encouragement of greater competition in the industrial market, greater transparency of pricing throughout the European gas industry and the encouragement of more flexible contracts with perhaps the beginnings of a spot market. The Monopolies Commission report on British Gas's industrial pricing policy, sent to ministers yesterday, should provide the opportunity for the UK government to encourage more competition. Meanwhile talks about the common European energy market from 1992 should aim to loosen rigidities in the wholesale part of the business.

These complexities must not be an excuse for inaction. A clear signal that British Gas may purchase additional imports equal to perhaps 10 to 15 per cent of its requirements would be a good way to start.



Alan Harper

ing leisure group whilst maintaining the quality of service and entrepreneurial ring to be found in the owner-operated nightclubs or restaurants. He contends that Pleasurama is grossly lacking in these types of skills. Pleasurama naturally disagrees.

Ironically, both companies have faced a broadly similar dilemma in recent years: how to move away from their traditional businesses - bingo in the case of Mecca, casinos in the case of Pleasurama - towards the faster growing areas of entertainment, catering and hotels. Their shareholders must decide which has the better record.

The two main reasons for the growth of leisure in the past decade have been rising disposable incomes - helped by low inflation and increased earnings - and extra free time. Henley suggests that the average Briton has gained about 25 per cent extra leisure over the past decade, not only from shorter working hours but by the greater use of labour-saving devices.

But there are other, equally significant, factors behind the leisure boom of the 1980s.

Changing birth and mortality rates are making the UK population older - along with those of other Western countries. Late middle age consumers, aged between 45 and 59 and usually called "empty nesters" by marketers because their children have grown up and left home, represent some 16 per cent of the population.

The importance of this group - and the elderly in general - is that they are the first generation to benefit not only from the big increases in house prices and occupational pension schemes but also from the inheritance factor.

An equally important trend has been the increase in the 25 to 44 age group: consumers who are usually settled with families and rising disposable incomes. Henley forecasts a

1.5m increase in this age group by 1993. This group, says Andrew Hunter, a leisure analyst with the stockbrokers McCaughey-Dyson Capital Cure, is "most likely to spend on family leisure activities such as visits to theme parks or restaurants."

Underpinning all Mr Walker's deals has been a reliance on a property base. Others who have had their fingers burnt from the fickleness of leisure markets over the years, he believes, have concentrated too much on the more glamourous leisure activities and less on the fundamentals.

Even buying the Goldcrest film company last year was not the gamble it seemed at first sight: Goldcrest has an impressive film library, including the Oscar-winning *Chariots of Fire*.

His aim now is to export his formula of property-based leisure development in the UK to the Continent. Leisure complexes in France and Spain are already under way - with more to follow.

Mr John Broome, originally a teacher, also has a property background. He made money in the residential property boom of the early 1970s, but pulled out of the market before the 1974 crash. Looking for a new direction, he saw the growth of theme parks in the US and felt the same success could be achieved in Britain.

His wife's parents owned Alton Towers, a crumbling stately home in Staffordshire, formerly the residence of the Earl of Shrewsbury. He has since raised over £120m to turn it into a theme park that is the second largest in the UK, after Madame Tussaud's in Baker Street.

Now he is betting that all the leisure trends of the 1980s will come together in May 1990 - the official opening date for the £240m theme park he is building out of the disused shell of Battersea power station in central London. He says Battersea will be the equal of any theme park in the world - safe, secure, clean and sophisticated.

The true coming of age for the European leisure industry, however, will be an event that marks a new era of competition for Mr Broome's Battersea, Mr Walker's Wonder World and other British tourist attractions: the opening outside Paris, in 1993, of Disney's first European theme park. In the meantime, the industry will continue to grow - and there will be plenty of scope for more takeover dramas like the Mecca bid for Pleasurama.

Boxer brother Billy opened a chain of "Billy's Baked Potato" fast-food outlets. Since then he has created a leisure empire valued at nearly £400m based on opportunistic deals and a tough management style.

It was Mr Walker, for example, who rescued the Brighton Marina project in 1985 from the over-ambitious plans of its developers, developing it into a leisure complex with flats and houses. Earlier this month, he mounted a £10m rescue operation for the troubled Wonder World theme park outside Corby in Northamptonshire, due to open in the early 1990s. And he has also just bought the freehold of the Lyceum ballroom in London's Covent Garden.

Underpinning all Mr Walker's deals has been a reliance on a property base. Others who have had their fingers burnt from the fickleness of leisure markets over the years, he believes, have concentrated too much on the more glamourous leisure activities and less on the fundamentals.

Professor Blinder attacks this daunting task with boundless confidence and gusto which spring from a simple but powerful observation. Two economic truths are virtually uncontested by any thinking person: the principle of efficiency, which stipulates that higher productivity is better than lower; and the principle of equity, which states that an extra dollar generally provides greater satisfaction to a poor man than to one who is already rich. If these two principles are universally accepted, why not pursue policies which promote both equity and efficiency at the same time?

Blinder is the first to admit that efficiency and equity frequently work against one another. His all-important insight, however, is that we can "fine-tune this issue" today.

For US economic policy is at present "so far from right" that "the need to trade equity for efficiency disappears." To prove his point, Blinder comes up with a book-full of policy proposals that would enhance efficiency and equity simultaneously - and which, he suggests, would win support from 90 per cent of the professional economists in the US.

A godsend, it would seem, to Mr Dukakis. But wait a moment. Consider some of the policies proposed by Blinder: accepting more inflation in the pursuit of full employment; dismantling all import restraints; replacing environmental safeguards with marketable pollution permits; doing away with rent controls; abolishing the minimum wage. No wonder Mr Dukakis has treated friendly academic economists with the sort of deference usually reserved for victims of the bubonic plague.

Blinder knows his ideas would pose political problems.

Society usually ignores good economics. It is all part of what he calls the Murphy's Law of Economic Policy: "Economists have the least influence on policy where they know the most and are most agreed; they have the most influence where they know the least and disagree most vehemently."

But how does one explain this exhilarating paradox? At this point, Blinder falls back on the hoariest old staple of American political life - interest group politics. Vested interests undoubtedly block this many sensible reforms, but this is a disappointingly shallow conclusion. If only he had delved a little deeper into the reasons why even the most sensible politicians fail to be swayed by the economics profession's incontrovertible arguments.

BOOK REVIEW

A flawed case for compassion

HARD HEADS, SOFT HEARTS:
Tough-minded economics for a just society
By Alan Blinder
Addison Wesley, £15.95

ments, Professor Blinder might have discovered three more interesting flaws in his own approach.

First, there is his over-confidence about the intellectual consensus behind his ideas. His claim that President Reagan's macroeconomic policies have been a failure is certainly not uncontroversial.

A more interesting issue is his widely applauded attack on import controls. It may be true, as he maintains, that 97 per cent of US economists believe all import restrictions reduce economic welfare. The same is not true, however, of many thousands of businessmen, politicians and academics outside the economics departments.

There are plenty of highly educated Americans who thoroughly understand the academic arguments in favour of free trade, but still reject them as universal prescriptions.

Secondly there is Blinder's naivety about the political wills of social justice. Equitable policies do not just flow spontaneously from the "soft hearts" of politicians and electors. Nor do such policies have much to with the standard parable which Blinder offers as the intellectual basis for redistribution - the story of a millionaire who doesn't notice dropping a hundred-dollar bill and of the beggar who feeds his family for a month on the money. This is thin gruel indeed, compared with the real historical sources of redistributive policies: trade union struggles; national solidarity in times of war; fear of the mob; and, last but not least, the capitalist system's need for a healthy, educated and contented workforce.

This raises the third, and most fundamental, set of questions about Blinder's analysis. Is there really a trade-off between efficiency and equity? Where is the evidence that moderate redistribution damages incentives? Does not productivity often benefit from social safety-nets, whether supplied by governments or paternalistic firms? How important, anyway, is allocative efficiency, compared with the dynamic factors, like savings propensities, investment rates and technological progress, which govern economic growth?

If America's politically liberal economists are frustrated by their lack of policy impact, perhaps they should devote more attention to such vital questions about the real world and stop treating the public like a class of dim students preparing for an undergraduate theory exam.

Anatole Kaletsky

OBSERVER

Heading East: Coe should

It is a pity Juan Antonio Samaranch has given up the fight, for his first instincts were right. Sebastian Coe should run in Seoul, for the very simple reason that he is one of a special brand of sportsmen whom people would cross oceans and stay up all night to observe, perform, win, lose or draw.

There are not many in this league and if they are given special treatment it is inevitable that other worthy, if lesser, performers will get hurt. But there is also a wider gain, for the constituency which sometimes gets forgotten. Thus, for the public, it did not help that it lost Bjorn Borg earlier than it might have done because he wouldn't abide by appearance rules drawn up mostly in the interests of run-of-the-mill players. Golf suffered by denying, for similar reasons, Severiano Ballesteros full access to his rightful stage, the US tour. His relative slump can probably be put down to this exclusion.

In the case of Muhammad Ali, banned from boxing at the peak of his powers because of opposition to the Vietnam War, and Ian Botham, whose lifestyle perhaps has left him more open to criticism, discrimination had social as much as sporting, roots, but the end result was the same. Sport and spectators were rendered pariah by their absence.

You could never confect a committee, national or international, to determine who enjoys superstar status, nor, barring a few obvious proscriptions, rules for them. But every keen observer of sports instinctively knows who is truly out of the ordinary. Graeme Hick is, which means that the effect of cricket's rules keeping him out of the England team for another three seasons, honour-



I'm rather concerned about your GCSE results, Mr Spiffit - I haven't the foggiest idea what they mean.

Seoul. Much favoured by golfers from the South Korean as well as the US military, its loss will no doubt add even more dailies to the Tuesday queue.

Veggies may

The directors of Sanyo Sogo decided their bank's name was boring so from next year they're going to call themselves something different. They're going to be the world's first Tomato Bank. It does not have the same ring about it as J.P. Morgan. But Sanyo president, Mr Kenji Yoshida, says that the word tomato is common around the world and has connotations of being "cute, beautiful, not expensive, delicious, ordinary and straightforward."

Suggestions are invited for new names for some of the more notable Western banks.

Lee might

Still smirking from The Economist Intelligence Unit's

award of the "World's Most Boring City", Singapore is planning on Saturday night to hold its biggest-ever street party. A similar event planned a couple of weeks ago was called off at the last minute because too many people turned up. Prime Minister Lee Kuan Yew, never much of a one for parties himself, was upset at the police decision and ordered the event to be re-staged on a much bigger scale. Most of Orchard Road, the island's main shopping street, will be closed for the night and a crowd of 15,000 people along with 1,600 police officers is expected.

The Straits Times, which a while ago produced the memorable headline "Spontaneous Fun: And Here's How to Have It," is planning to rush out a special edition by lunchtime the next day so that everyone can see what a good time they had.

But will the austere Mr Lee actually venture out and be seen boozing down Orchard Road on Saturday night? If the party was postponed until after general elections the following Saturday and if then the lone opposition MP was turned out, then he might consider it. That would create a major sensation and would surely take the bore out of Singapore.

Rhodie wasn't

The judgment of the Economic Organisation is, of course, always severe. Thus, with blushes, the following communication from its editor, Mr Rupert Penman-Rea, is duly recorded.

"Though Observer was generous about the exploits of Rhodie in Britain, he played havoc with our local sensitivities. To describe me, Harare born and bred, as a 'Bulawayo boy' is almost as grave a libel as saying

Andrew Fisher continues a series on the strengths and weaknesses of West Germany's economy

A success story called training



West Germany's sluggish growth rate in recent years may have its critics at home and abroad. But the world's largest export country has many hidden strengths, and in a time of rapidly advancing technologies, ever shorter product cycles, and increasingly sophisticated customer demands, one of them is becoming increasingly important: an occupational training system that is the envy of many of its competitors.

The system is a cornerstone of West Germany's success in industrial markets. It has also kept youth unemployment low, at just over 5 per cent. Last year, nearly 650,000 young people started on courses that will mostly last three years and combine in-company training with specialised and general education in outside schools. In 1984, reflecting the baby boom years, 706,000 people entered this dual system.

"Germany is short of raw materials, so we have to live by making very intelligent and high-quality products rather than the mass-produced goods that can be made cheaper in the Far East," says Mr Klaus Heimann, head of training at the big IG Metall trade union.

"And if that is the philosophy of German industry, then it has to find its expression through our skilled workers."

That statement shows not only how highly prized the *Ausbildung* (training) system is within the German economy, but also how it has developed through close co-operation between both sides of industry. "We are an active part of the system," notes Mr Heimann. Altogether, two-thirds of the German workforce has a job qualification.

German companies are not forced to train, though unions would like some coercion to enhance future job prospects. From industry's point of view, though, the skilled worker is vital to its success, reinforcing Germany's high reputation for quality, reliability, punctuality

and service. "If training is a competitive factor, and we see it as such," believes Mr Günter Cramer, director of training at AEG, "then each company has got to pay its own way. There's no sense putting it into state hands."

The electrical and electronics company, part of Daimler-Benz, was a pioneer of industrial training early this century. Today, it trains more than 3,000 people at 40 sites throughout Germany.

Altogether, there are around 500,000 approved training companies ranging from tiny firms to large concerns. But a comprehensive system such as this does not come cheap. Frankfort-based AEG, for instance, spent nearly DM 70m (£31.7m) on training last year and almost DM 100m on *Weiterbildung* (further training and education) for existing employees. Training a school leaver costs AEG roughly DM 24,000 a year.

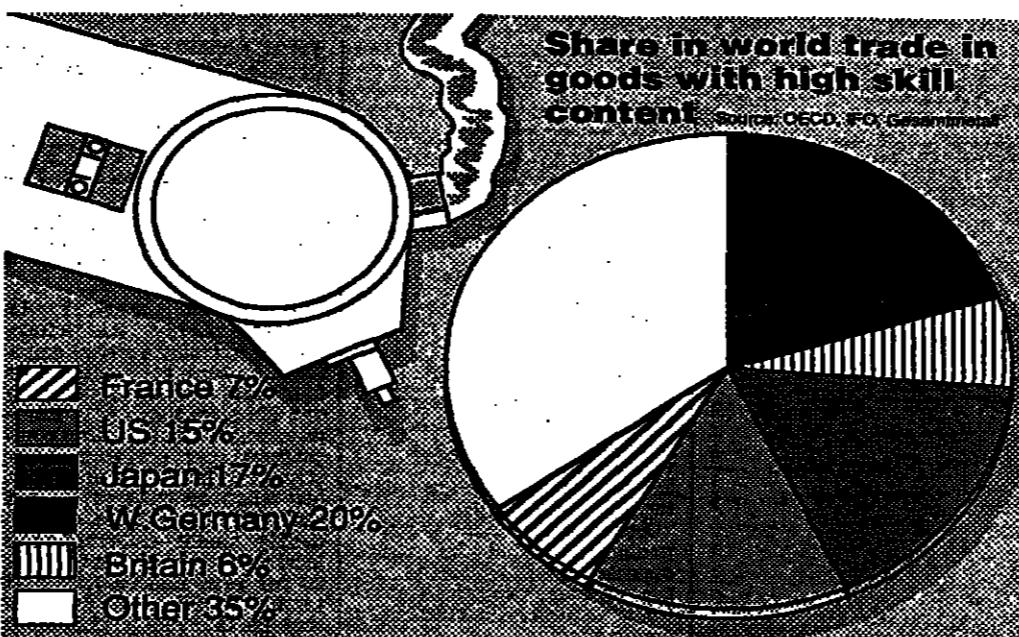
Multiply this throughout the economy and the annual sum spent by industry on *Ausbildung* for its 1.8m trainees is around DM 35bn, though the net figure is around DM 25bn allowing for trainees' contribution to production.

Despite its high costs Mr Cramer and many others are convinced of the value of the extensive German training system. It can be traced back to the medieval craft guilds and was adapted for industry in pre-war years. Central to the system is the *Meister* (master craftsman or foreman), who has been through the basic training process and added further technical, supervisory, and business qualifications.

Not only is the *Meister* a key element in the functioning of German industry, but he or she also plays an important part in the training of new entrants. At AEG, for instance, there are 700 *Meisters*, each responsible for between 20 and 100 workers. Nearly half of its highly-paid employees are skilled compared with less than 40 per cent in the early 1970s. In some highly specialised sectors, the proportion is nearly 90 per cent.

"Training has to be more intensive these days," reckons Mr Walter Steinbäumer, a *Meister* and trainer at the Hertel metal cutting tool company's plant at Ebermannstadt in north-eastern Bavaria. "What is now standard training was *Meister* training 20 years ago."

Hertel, a fast-growing com-



High-technology goods requiring extensive labour qualifications, experience, & development efforts

part typical of Germany's aggressive and innovative *Metallstand* (small-and medium-sized) businesses, takes training very seriously. "A lot of companies do the wrong thing by using old machines for trainees," says Mr Günter Hertel, who controls the company with his brother Karl. "That's OK for the first year, but in the second and third years they need the most modern machinery, since they will have to use it later."

Trainees at Hertel thus have access to the latest computer-controlled CNC equipment. At the Vohenstrauß plant near the Czech border on a former Grundig site, Hertel has three CNC machine tools, on which trainees learn from their second year. In the third year, they are mostly already helping in production.

"When you are manufacturing very precise products, it's essential to have excellent skilled workers," adds Mr Hertel, who has been an apprentice himself. During the training phase - the company has 170 trainees, mostly on the production side - their aptitude and character can be closely observed and their suitability for different jobs assessed.

This applies away from the factory floor, too. Hertel takes on five white-collar trainees a year and during their training period works out for which

He adds: "Good training is a

ment idea and learn how to work with people," he says. "I've had excellent engineers who have been too arrogant to be able to get their ideas through."

Can the system be transferred to other countries? Not in the view of Mr Peter Gwozd, an official of the Federal Institute for Occupational Training in Bonn. "It can only work in a particular employer-labour constellation." In Germany, both sides agree on the need for training and its basic direction. "Also, we have strong employer organisations and unions." And since German unions are skill-based, training is clearly in their interests.

This harmony of approach was borne out strongly in the lengthy talks which led to the recent restructuring of the apprenticeship programme in the metal industry. Instead of 37 separate trades, there are now only six, covering production, machine tools, metal-forming, structural design, and plant construction. These in turn have 17 specialist sub-divisions.

The complicated change was made to update the training programme in line with technological advances such as the increased use of electronics. The first year of instruction is now identical for all trainees, the real specialisation occurring towards the end of the training period.

Without this firm belief in the competitive aspect, German firms would hardly train so much. "In high technology industry especially, people have to be able to acquire knowledge faster than in traditional industries," says Mr Klaus Lüft, chairman of Nixdorf Computer, which has over 2,000 apprentices. Like AEG and others, it also has intensive training programmes for post-graduates.

"To run complex technologies and companies, you need technicians, people who can bridge the gap between theoretical and practical knowledge," Mr Lüft believes. "In the US and some other countries, this divide is very big."

Mr Hertel also feels strongly that academic education has to be reinforced or even preceded by practical experience. "Today, it's very important for engineers to do an apprenticeship first. In production, it is necessary to be able to implement

the customer's knowledge about the equipment the more likely he is to buy it. We are not alone in the market."

Whether in the training of salesmen, who mostly have a technical background, or of plant employees, Mr Hofmann reckons the German system has proved its worth. "For us, the skilled worker is the pillar of our production."

Without this firm belief in the competitive aspect, German firms would hardly train so much. "In high technology industry especially, people have to be able to acquire knowledge faster than in traditional industries," says Mr Klaus Lüft, chairman of Nixdorf Computer, which has over 2,000 apprentices. Like AEG and others, it also has intensive training programmes for post-graduates.

"To run complex technologies and companies, you need technicians, people who can bridge the gap between theoretical and practical knowledge," Mr Lüft believes. "In the US and some other countries, this divide is very big."

Mr Hertel also feels strongly that academic education has to be reinforced or even preceded by practical experience.

"Today, it's very important for engineers to do an apprenticeship first. In production, it is necessary to be able to implement

LOMBARD Mrs Thatcher's Eurobluff

By John Wyles

IMUCH enjoyed Mrs Margaret Thatcher's recent reprimand of Ms Jacques Delors, the European Commission president, for his forecast that 80 per cent of decisions now taken nationally will have switched to a European level by the middle of the next decade. It seems to me that her remarks in the radio interview with Jimmy Young were designed to give the false impression that she is firmly opposed to the integration process.

Not that she is any kind of enthusiastic advocate. But after nine years of close involvement in European Community (EC) politics she knows very well that the transfer of decision-making to Brussels or the erosion of sovereignty have become almost as mechanical a process as waves lapping on a beach.

Mrs Thatcher may well have been alarmed not by what Mr Delors had to say, but that he said it. His comments were "quite absurd" because they frightened people, she said. And those that they frightened most are the Tory party right-wing: the UK Prime Minister's staunchest supporters on almost every other issue but Europe.

Diminishing sovereignty From their point of view she is unsound on Europe. She all too often bends her knee to Brussels - and they rightly fret that her embrace of the 1992 internal market deadline is leading to Britain's greater political and economic integration.

The Prime Minister knows that British sovereignty has diminished, is diminishing and will diminish further. But she thinks she can hide the fact from the British people. In the radio interview, while apparently rejecting the idea of a European central bank, she acknowledged that something resembling such an institution was on the way. They (the enthusiastic Europeans) may call it a central bank, but it will not really be that, she said.

Mrs Thatcher does her homework too well to be ignorant of the most likely consequences of another European Community decision she has wholeheartedly welcomed: the abolition of controls on capital

LETTERS

UK/US takeover lessons can apply in Europe

From Doctor Jim Hamill

Sir, The run-up to 1989 will certainly see an increase in European acquisitions by British companies ("New target for UK takeovers," FT leader, August 23). It is unlikely, however, that this will result in a significant shift in acquisition activity from the US to Europe.

Last year was a record year for British acquisitions in the US: a total of 314 takeovers, valued at approximately \$22.2bn. This trend has continued into 1988, with important US acquisitions announced by Marks and Spencer, BAT, Fisons, Beazer and others.

While the focus of foreign acquisitions by UK companies will continue to be in the US, some geographical re-orientation will be needed to establish European market share prior to 1992. The danger here is that the need for speedy entry into Europe will lead to repetition of previous mistakes in foreign acquisitions - as evident in

the poor performance of many recent British acquisitions in the US; and in earlier European acquisitions pre- and post-UK entry into the European Community.

Such poor performance can be attributed to, for example: •Inadequate pre-acquisition search and evaluation procedures leading to the purchase of "dogs" or to unforeseen difficulties in the post-acquisition period;

•Negotiating the acquisition agreement - especially price, which in many cases has been excessive;

•Inadequate post-acquisition organisation and control procedures, resulting in a lack of integration and the failure to establish effective control and performance evaluation systems.

Although many US acquisitions have performed poorly, such under-performance should not be exaggerated. Many British companies - for

example, Hanson and BOC - have made highly successful US acquisitions. Our research project at Strathclyde indicates a high level of satisfaction among company executives about the performance of their US acquisitions, and has identified some factors contributing to such success.

Successful acquisitions were made for long-run "strategic" rather than short-run "opportunistic" reasons (such as the depreciation of the dollar).

This implied a "strategic fit" between the acquired US company and the British parent. Most successful acquirers had clear policies regarding the type of US company considered for takeovers. This involved "sticking to the knitting" - acquisitions restricted to the existing products and business interests of the parent.

Further, successful acquisitions involved considerable inputs from the parent (the transfer of technology, man-

Endangered reputation

From Mr Ian MacPhail

Sir, Barbara Dorn's excellent article (August 18) on the vicuna cloth is timely. The whole question of vicuna stocks in the UK dates back to 1982 - and the Department of the Environment continues to drag its feet in spite of pressure from the Peruvian Government and questions in the UK House of Commons as recently as last month. This lackadaisical attitude to the matter, and the Department's inability to produce data (which we understand is available), is serious.

Equally serious is the fact that the UK, which has a good reputation for wildlife conservation (some of it ill-deserved),

has responsibilities as a member of the Commission on International Trade in Endangered Species (CITES), and is setting a bad example to the rest of the world. It is hypocritical and, indeed, impudent to lecture Third World countries on their responsibilities when CITES, where the UK's own record leaves so much to be desired, is not enough having to deal with what Barbara Dorn calls "Peru's decimation of vicuña" without having to deal with our own.

Jim MacPhail
European Co-ordinator, International Fund for Animal Welfare
35 Boundary Road
St John's Wood, NW8

TV advertising rates are set by the market

From Professor Harry Henry

Sir, Mr Edmund Dell's observations on the funding of Channel Four (Letters, August 4) reflect the common misconception of the economics of television advertising.

Television advertising rates

are set not by the television contractors but by the market (in what is essentially an auction situation). In seeking to "optimise" their consumer response functions, advertisers buying time on screen are prepared to pay more per viewer for slots in higher-audience-rated programmes than in low-

rated ones. Because - in following its statutory remit - Channel Four programmes obtain (on average) substantially lower audience ratings than the stations on ITV, the average revenue per viewer thus obtained is also lower.

Andrew Fisher continues a series on the strengths and weaknesses of West Germany's economy

The Victor Alternative



More choice than ... More value than ...

Now there is a range of quality micros that truly meet the needs of any company - no matter what size.

From stand-alone PCs to full corporate networking systems, Victor provide an extensive and surprisingly inexpensive alternative.

From \$2,499 An fast, high performance microserver capable of managing power hungry networks as well as handling process control and advanced CAD and DTP applications. Running at 16MHz and with a full 2MB main memory and the flexibility of 8 expansion slots.

V286S Up to 230MHz capacity, speed and extensive expansion combined with high performance and power makes the V286S the perfect solution to LAN management.

V286A For high demand workloads where speed and capacity are top priorities. No bigger than a PC - this 80386 processor driven computer runs at a fast 16MHz with 1MB main memory and 30MB or 60MB capacity - instantly and infinitely upgradeable with 30MB Add-Paks.

V286C For demanding workloads where speed and capacity are top priorities. No bigger than a PC - this 80386 processor driven computer runs at a fast 16MHz with 1MB main memory and 30MB or 60MB capacity - instantly and infinitely upgradeable with 30MB Add-Paks.

V286P For high demand workloads where speed and capacity are top priorities. No bigger than a PC - this 80386 processor driven computer runs at a fast 16MHz with 1MB main memory and 30MB or 60MB capacity - instantly and infinitely upgradeable with 30MB Add-Paks.

Victor support is nationwide with 12 months on-site warranty. Professional teams of computer specialists offer a variety of practical applications.

Victor, offering a serious alternative to ... for all your computer needs.

VICTOR

FT25.8

Victor Technologies (UK) Ltd.

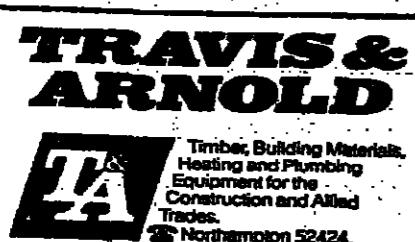
Unit 1, The Valley Centre, Gordon Road, High Wycombe, Bucks. HP13 6SQ

Telephone: (0494) 461600 Telex: (0494) 461641 Telex No. 837225

Name/Position: _____

Company/Address: _____

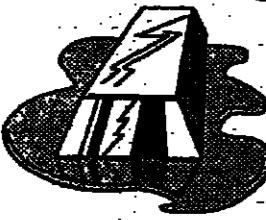
Tel: _____ Industry Type: _____



Timber, Building Materials,
Heating and Plumbing
Equipment for the
Construction and Allied
Trades.
26 Northampton 22424.

INSIDE

Barrick splashes into the big time



While drilling to determine the water table of the Carlin Trend in northern Nevada, American Barrick stumbled on the best gold formation outside South Africa and the Soviet Union. frantic activity has turned what was once a modest gold property into a bonanza which will propel it into the top echelons of North American gold producers. Page 30

Australia's International mix
Australian equity investment overseas has soared more than fivefold since 1983, while income from small equity investment abroad has increased fourfold. The figures emerged this week in Treasury data published with the federal budget and reflect the increasingly international nature of the Australian economy, resulting from the Government's five-year-old programme of deregulation. Page 15

Clean sweep at DnC

DnC Sweeping structural changes at DnC, which forecasts losses this year of Nkr1.5bn (\$215.8m), have seen the appointment of four new deputy managing directors. But there is scepticism that the new executives bought in by Mr Kristian Rambjor, chief executive, have sufficient experience to pull the troubled Norwegian bank out of the doldrums. Page 17

Indonesia SE stirs into life

Although usually said to be suffering from the effects of a big sleep, not a big bang, Indonesia's tiny stock exchange is stirring into life. The exchange is soon to see the launch of a new CTC market and the Government is drafting legislation to encourage investment by cash-rich insurance and pension funds. There is even the hint of a financial scandal. Page 34

Queens Moat consolidates

Queens Moat After a year of rapid expansion through acquisitions on the Continent, Queens Moat Houses, operator of provincial hotels in the UK and Europe, has bought only two hotels so far in 1988. Mr John Balfour, chairman and joint managing director (left), has described the first half, which saw pre-tax profits climb 90 per cent to £17.25m (\$26.9m), as a period of consolidation while the group continues to look for expansion opportunities. Page 19

Marley paves way to profit

UK building materials business and property disposals provided all the growth as Marley's pre-tax profits increased 36 per cent to £34.17m (\$57m) in the half-year to end-June. Margins at the much-restructured tile and brick manufacturer improved markedly as a programme of disposals meant turnover was virtually unchanged at £261.3m. Page 20

Market Statistics

Base lending rates 21 London share service 28-29
European options tech 21 London traded options 25
FT-A indices 23 London total options 21
FT-A world indices 34 Money markets 21
FT int bond service 18 World commodity prices 21
Financial futures 21 World stock and indices 21
Foreign exchange 21 UK dividends announced 21
London recent issues 21 Unit trusts 22-23

Companies in this section

Aldermanbury Trust 20 Hoogovens 16
Amey 17 Hutchinson Whampoa 15
Atlas Copco 17 Joe Holdings 18
Australian Airlines 18 Komatsu 18
BP 18 La Génerale 20
Bank of Montreal 18 Merley 21
Baltic & Wallace 17 Nederlanden 27
C.A.G. 18 Pifco Holdings 16
Cathay Pacific 18 Property Trust 18
Champs 18 Provantage 17
Cheung Kong 18 Queens Moat Houses 18
Cookson Group 20 RKF 20
Datatronic 17 Raines Industries 20
D.C. 17 Ruberoid 20
D.E.T. Heron 18 SST 18
D.F. 18 Sunbeam 20
D.G. 18 Tace 22
Gandal 18 Thomas Jourdan 16
Goring Kerr 18 Tootee Roll 16
Harrison 20 Victoria 20
Hanson 22 Wassall (J.W.) 18
Hirmit 18 Waterford Glass 18
Honda Motor 18 Wair Group 20
Volvo 18 Wolverhampton Rink 20

Chief price changes yesterday

FRANKFURT (cont.) PARNES (cont.)
Bilfinger +137 +5
Deutsche 385 +100 +5
Daimler-Benz 1720 +24 +2
DANW 427 +15 +1
Dessauer 8. -172 +15
Fichte 1400 -10 -10
NEW YORK (cont.) PARNES (cont.)
Bilfinger +22 +5
BASF +15 +5
Bayer +115 +15 +15
Fichte 12% +10 +10
Giesecke +20% +10 +10
Ges. Mon. 13% +10 +10
Wates 13% +10 +10
LONDON (Parnes) PARNES (cont.)
Bilfinger +22 +13
American Int. 628 +22 +8
B.A.T. Int. +35 +8
Giesecke 277 +15 +5
Hawker Siddeley 325 +9 +5
Int. Distillers 126 +31 +5
Pernod-Ricard 126 +10 +5
Pernod-Ricard 417 +5 +5
Ricardo (BS) 153 +10 +5
Std. Chartered 516 +5 +5
THE LONDON STOCK EXCHANGE (cont.)
Bilfinger +137 +5
Deutsche 385 +100 +5
Daimler-Benz 1720 +24 +2
DANW 427 +15 +15
Fichte 1400 -10 -10
NEW YORK (cont.) PARNES (cont.)
Bilfinger +22 +5
BASF +15 +5
Bayer +115 +15 +15
Fichte 12% +10 +10
Giesecke +20% +10 +10
Ges. Mon. 13% +10 +10
Wates 13% +10 +10
LONDON (Parnes) PARNES (cont.)
Bilfinger +22 +13
American Int. 628 +22 +8
B.A.T. Int. +35 +8
Giesecke 277 +15 +5
Hawker Siddeley 325 +9 +5
Int. Distillers 126 +31 +5
Pernod-Ricard 126 +10 +5
Pernod-Ricard 417 +5 +5
Ricardo (BS) 153 +10 +5
Std. Chartered 516 +5 +5

FINANCIAL TIMES
COMPANIES & MARKETS

Thursday August 25 1988



LANGHOLM SCOTLAND DD13 0SN
TELEPHONE: 0541 80311 TELEFAX: 778035
FAX: 0541 80720

Electrolux held to 20% earnings rise after US setbacks

By Sara Webb in Stockholm

ELECTROLUX of Sweden, the world's leading white goods manufacturer, reported a 20 per cent increase in profits for the first six months, helped by the restructuring of its recent acquisitions.

The increase would have been in the order of 30 per cent had difficulties not been encountered in the US, the group said.

It has also announced plans to acquire companies in Spain and the US which will strengthen further the household appliances division.

Electrolux, which for the past three years has shown a faster growth in sales than in profits largely because of its strategy of buying up unprofitable companies cheaply and then turning them around, reported an increase in profits (after financial items) of 20 per cent to SKr1.8bn (\$215.8m).

Sales rose by only 8.6 per cent to SKr36.07bn in the first half while profits in the second quarter rose 20 per cent to SKr1.66bn.

Mr Leanne Ribom, vice-managing director, said he believed the trend of faster profits growth would continue this year and next. Analysts forecast a full-year profit increase of about 18 per cent.

Mr Anders Scharp, group chief executive, said the lower dollar

had wiped about SKr50m off the profits. Strikes at the Electrolux vacuum cleaner factory in the US and problems in the air-conditioning plant had cost the household appliances division SKr150m in profits and meant there was virtually no profit rise for the unit.

The division reported a meagre 3 per cent increase in first-half sales to SKr20m.

Demand for white goods remained strong in Europe but declined in the US, especially during the first quarter, although Mr Scharp said the order intake in July and August had been "quite good".

The commercial appliances division reported a 28 per cent rise in sales to SKr3.2bn helped by acquisitions in the food-service equipment sector.

Electrolux said it would launch a bid for Unidad Hermetica worth Pts45.5bn (\$44m) or Pts2.360 a share. The Spanish company makes compressors for white goods and has annual sales of about SKr750m.

The Swedish group has also agreed to acquire A & E Systems, the largest US manufacturer of window awnings and fittings for mobile homes. The company has sales of about SKr300m. Lex, Page 14

The cats that lost the cream

John Griffiths on problems in the US for Europe's luxury car makers

JAGUAR Cars of the UK will tomorrow announce substantially reduced interim profits, for which problems in the US market will take much of the blame.

With Porsche, Mercedes and BMW, among others, also watching their unit sales and earnings drop in what is by far the world's most valuable luxury car market, the impression has been going around Europe that Black Monday in the stock markets last year has sent US luxury car sales plummeting.

That is largely erroneous.

In reality, total US luxury car sales, including those of Ford's Lincoln and General Motors' Cadillac divisions, last year remained at about the 1m mark. One group of analysts even forecasts that the sector will grow in each of the next five years, reaching 1.3m units by 1992.

As last year's US sales of the *Acura Legend*, Honda's luxury car entry, help to confirm, the problem of the US luxury car market is overwhelmingly one for the Europeans.

Some parts of it, like currency movements, lie well outside the car makers' control; others look suspiciously like chickens coming home to roost.

As Sir John Egan, Jaguar chairman, will doubtless point out tomorrow, it is the weakening of the dollar against sterling which has played most havoc with Jaguar's earnings. "Every 10 cents off the dollar is costing us \$35m (£28.8m) at the bottom line," he has said.

The same adverse currency movements have affected the West German and Swedish executive and luxury car makers to varying degrees.

However, some industry observers see the European manufacturers' attempts to compensate for currency shifts by over-aggressive pricing as a complicating factor, for which the manufacturers themselves must take the blame.

According to one Jaguar executive: "Not too long ago, you could get a good American luxury car for around \$26,000 against, say, \$30,000 to \$33,000 for an equivalent Jaguar or BMW. Now, the US luxury car is still around \$27,000, but you're talking about more than \$30,000 for a 7-Series and a base-model Jaguar at around \$43,500."

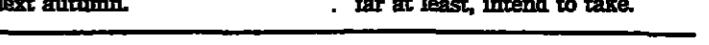
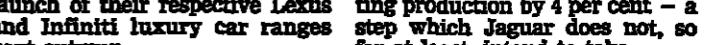
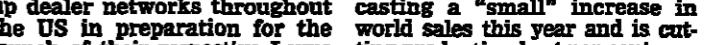
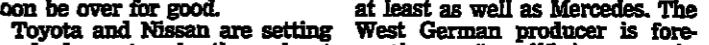
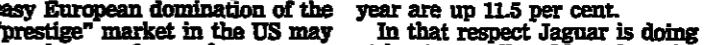
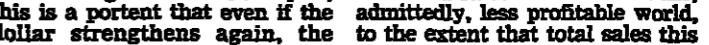
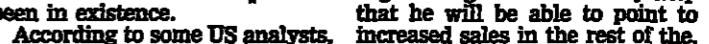
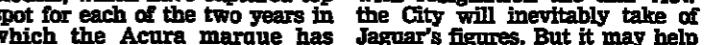
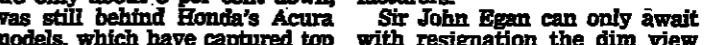
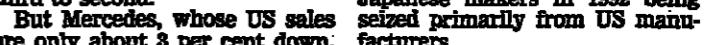
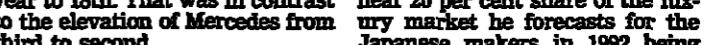
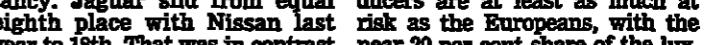
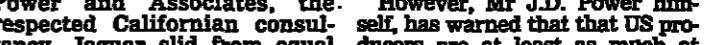
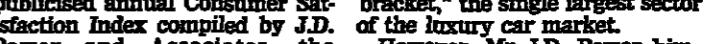
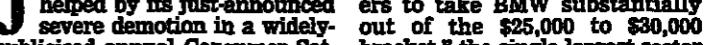
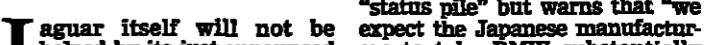
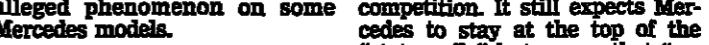
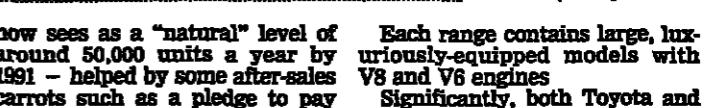
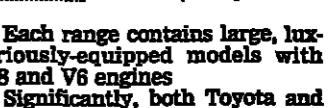
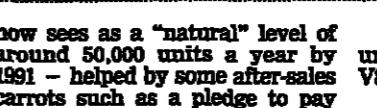
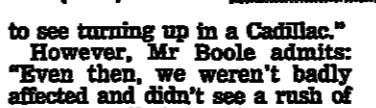
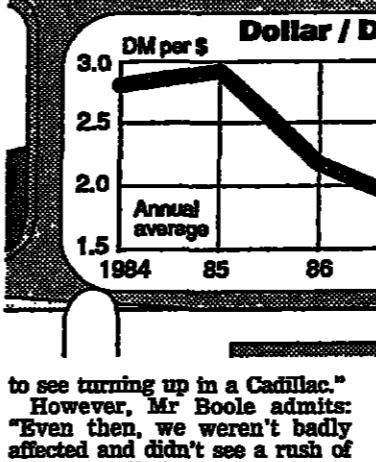
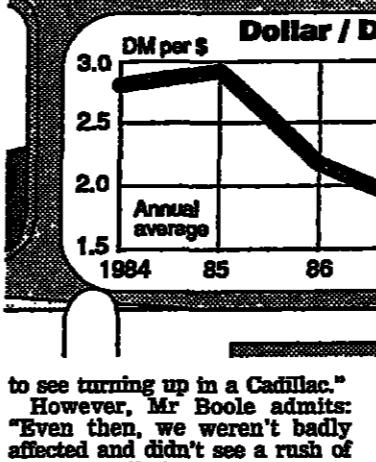
"It's the opening-up of this price gap which is probably the biggest single factor in the European's problems."

Nevertheless, Mr David Boole, Jaguar's public affairs director, insists that the Wall Street collapse did have an adverse effect, hitting Jaguar and other European carmakers more directly than their US-based competitors.

"It was the articulate middle class that was hit hardest; your young high-earning equity salesmen who you really don't expect

European car exports to US					
	1988	87	86	85	84
Total US market	8.4m	8.03m	10.23m	11.46m	11.04m
Audi	13,381	29,449	41,322	59,797	74,061
BMW	40,698	50,858	57,839	69,314	87,832
Jaguar	11,436	12,064	22,919	24,484	20,528
Mercedes	50,346	52,520	69,918	89,098	79,222
Porsche	10,143	14,875	23,632	30,471	25,306
Saab	22,857	26,841	45,105	48,181	39,068
Volvo	53,390	70,921	10,6539	113,267	104,267

Source: Vehicle Manufacturers Association



INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Japan's banks start building Chinese walls

Stefan Wagstyl examines codes of conduct adopted by Tokyo's financial institutions

Japanese banks, in adopting a new code of regulations this week which were designed to root out insider dealing, have followed other financial institutions in the country in responding to foreign complaints that standards in Tokyo are too lax.

After Tuesday's approval of the voluntary code by the Federation of Bankers Associations of Japan, Mr Kazuo Ibuki, the federation chairman, said all 87 members would revamp their in-house procedures by October at the latest.

The banks' guidelines are similar to voluntary codes already announced by the Japan Securities Dealers Association, and the trust banking and life assurance industries.

The industry bodies have followed the lead of the Ministry of Finance, which is anxious to raise standards of disclosure in Japan in response to criticism from overseas, especially the US.

The Japanese Diet (parliament) has enacted a legal code defining inside information and categories of insiders for

the first time in Japanese law. Part of that legislation came into effect this week; the rest will follow in the autumn and next spring.

The bankers' federation code prohibits banks and their employees from dealing on unpublished information in both listed and unlisted stocks, as well as corporate bonds.

It calls on members to build "Chinese walls" by reorganising their investment divisions to stop information leaking from corporate finance executives to dealers in securities.

Also, corporate finance staff are banned from dealing in the stocks of companies with which they are involved, regardless of whether they have undisclosed information or not.

Mr Ibuki said banks should be aware of their responsibility to society at a time when public suspicion is directed at the banking industry as result of shady financial transactions.

He was referring to three scandals currently making headline news in Japan: the case of Recruit Cosmos, a prop-



Kazuo Ibuki: 'Social

erty company in which politicians' aides and others received shares before it was listed and then made great profits; the Meidenko affair, involving tax evasion; and alle-

gations of insider trading in shares of Sankyo Seiki, an engineering company, shortly before Nippon Steel bought a stake.

The finance ministry is investigating the Recruit affair and is considering reforming the rules governing sale of shares before a public listing.

The Meidenko case is in the hands of the courts.

A joint investigation by the finance ministry and the Tokyo stock exchange into Nippon Steel-Sankyo Seiki is due to be completed by the end of this week.

These cases follow a scandal last year in which Hanshin Sogo Bank, lead bank to Tateho Chemical, a chemicals company, sold shares in Tateho hours before Tateho announced heavy losses on bond futures.

Japanese stockbrokers argue that the new laws and codes mean that insider trading will no longer be tolerated.

They point to the case of Casio, an electronics company, the shares of which soared on rumours that it had developed

a self-programming computer. The stock exchange summoned a Casio executive to explain the new technology at a hastily called press conference.

Canon, the camera company, has abandoned a long tradition of giving big shareholders a private briefing on its financial results before they were announced in public.

However, Western brokers in Tokyo mostly argue that disclosure of inside information will continue to flow in the stock market because of the close links which exist among Japanese banks, brokers and industry.

Japanese regulators' willingness to impose the new code is coloured by a belief that the Japanese market is different from markets in the US and Europe.

While they acknowledge a need for higher standards of disclosure, they argue that Japan benefits from the fact that banks and other institutions take a long-term view of investments and form close links with the companies where they put their money.

DAF result 'supports flotation plans'

By Our Financial Staff

DAF BV, the Anglo-Dutch commercial vehicles group, said yesterday it made a net profit of Fl 57.6m in the first six months of 1988, which encouraged it to plan for a stock market flotation.

DAF BV's operating profits climbed to Fl 145m on consolidated sales of Fl 465m compared with Fl 375m on sales of \$295m in the same period last year. Net earnings increased in at \$10.6m against \$8.6m in the 1987 third quarter.

The performance means that during the nine-month period, operating profits have risen by 72 per cent from \$224.5m in fiscal 1987 to \$384.5m, while net profits were up by 62 per cent, from \$15.7m to \$27.5m. Sales in the nine months were 52 per cent higher, at \$1,294m, compared with \$836m last year.

Mr Alexander Giacco, the president of DAF, who took

Himont interim profits surge ahead by more than 100%

By John Wyles in Rome

HIMONT, the US-based polypropylene subsidiary of Ferruzzi-Montedison, yesterday reported increases in both operating and net profits of over 100 per cent during its May-July third quarter.

Operating profits climbed to Fl 145m on consolidated sales of Fl 465m compared with Fl 375m on sales of \$295m in the same period last year. Net earnings increased in at \$10.6m against \$8.6m in the 1987 third quarter.

The performance means that during the nine-month period, operating profits have risen by 72 per cent from \$224.5m in fiscal 1987 to \$384.5m, while net profits were up by 62 per cent, from \$15.7m to \$27.5m. Sales in the nine months were 52 per cent higher, at \$1,294m, compared with \$836m last year.

Mr Alexander Giacco, the president of DAF, who took

over as managing director of Montedison in March, said that with world demand for thermoplastics continuing to grow, Himont was also pursuing its strategy for boosting sales of polypropylene resins and expanding its presence in markets for more advanced materials.

He underlined the progress made by revealing that he expected that more than \$100m of net profits in the current financial year will be drawn from outside the polypropylene resins business, in which Himont has 20 per cent of the world market.

"This was a target we expected to reach only in 1992," he added. These other activities now performing strongly include advanced materials, catalysts and sales of licences for polypropylene production with new technologies.

Fokker into the black with modest Fl 4.35m

By Laura Raus in Amsterdam

In the first half of this year, about 38 orders were received for the two new aircraft, compared with only 12 in the same period a year earlier.

"Production and deliveries of the Fokker 50 are proceeding as planned and the Fokker 100 programme has also been running according to the last schedule," the company said.

Operating results swung into the black with a Fl 38.7m profit from a Fl 5.2m loss a year earlier.

Shorts, which is based in Northern Ireland, already manufactures wings for the Fokker 100-seat aircraft, the Fokker 100.

Fokker said yesterday that operations were running more smoothly than last year, when heavy cost over-runs on the Fokker 100 and Fokker 50 and a big write-off produced a Fl 107m loss for all of 1987.

This year, the company expects to return to the black with an unspecified profit.

Fokker specialises in such short to medium-haul aircraft as the 50-seat turboprop Fokker 50 and 100-seat, twinjet Fokker 100.

Interest payments, however, tripled to Fl 44m from Fl 14m, due mostly to greater capital employed but also to higher debt.

Fokker received a fresh injection of government aid late last year after a cash-flow crisis resulted from the huge cost over-runs.

The rescue package included consolidation of some government credits on the balance sheet and the government's purchase of a 15 per cent stake in the company.

In the first six months, sales surged 33 per cent to Fl 1.1bn, from Fl 828m a year earlier.

Komatsu Dresser venture expects \$400m in equity

By Nick Garnett

KOMATSU DRESSER, the construction machinery joint venture which has recently been formed in the US, is due to begin operations on September 1, with a shareholders' equity of \$400m and 5,000 employees.

The formation of the business was agreed in February when Komatsu, Japan's biggest manufacturer of earth-moving equipment, and the Dallas-based Dresser Industries decided to pool their machinery manufacturing and marketing in North and South America.

The new company, which will have its headquarters in Libertyville, Illinois, the present site of Dresser's construction equipment division, yesterday gave further details of the venture.

Komatsu and Dresser, which are leading suppliers of products for the petroleum and natural gas industries, will have equal ownership of the new venture.

Each will have three mem-

Bank of Montreal earnings up

By David Owen in Toronto

BANK OF Montreal, the third largest Canadian bank, yesterday reported third-quarter net earnings of C\$163m (US\$132.5m) or C\$1.46 a share in the first half of 1988.

That compares with a loss of C\$59.9m or C\$6.89 a share in the same period last year.

The 1987 figure included a hefty C\$75m provision relating to an increase in the bank's reserves on loans to troubled Third World countries.

There will also be joint

research and product development.

Komatsu Dresser is to hold exclusive manufacturing and marketing rights for all the countries of North, Central and South America, excluding the UK networking company, said revenues for the year to July 31 were up by 25 per cent to C\$163m (US\$132.5m) compared with the same period in 1987.

Net profit continues to grow and will be enhanced by a gain of several million dollars shown on the sale of its hold-

ing in CASE. Revenue growth will continue strong in 1989, with a good reception for the company's latest communications network systems, it said.

• Mitel Corporation, the private exchange equipment producer, said net income surged 51 per cent controlled by British Telecom, is cutting back further by closing its service and repair centre in Florida, eliminating 75 jobs.

Mitel is laying off about 10 per cent of its worldwide labour force of 4,000 as it trims back operations in efforts to become profitable.

The Florida operation will be

taken over by Mitel's Ogdensburg plant in New York State and by its Ottawa headquarters operation.

Mitel has also sold its communications management services division to a Canadian company. It had sales in the latest fiscal year of C\$1.7m.

Mitel is laying off about 10 per cent of its worldwide labour force of 4,000 as it trims back operations in efforts to become profitable.

This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered in the United States or to United States persons as part of the distribution.



American General Corporation

Can. \$125,000,000

10% Notes Due 1991

Goldman Sachs International Corp.

Credit Suisse First Boston Limited

Union Bank of Switzerland (Securities) Limited

Banca del Gottardo

Commerzbank Aktiengesellschaft

Drexel Burnham Lambert Securities Limited

Kidder, Peabody International Limited

Merrill Lynch International & Co.

The Nikko Securities Co. (Europe) Ltd.

Salomon Brothers International Limited

Vereins- und Westbank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Wood Gundy Inc.

Banque Bruxelles Lambert S.A.

Crédit Lyonnais

Generale Bank

Manufacturers Hanover Limited

J.P. Morgan Securities Ltd.

Prudential-Bache Capital Funding

ScotiaMcLeod Inc.

U.S. \$250,000,000

9 per cent. Notes due 1993

Issue Price: 101 1/2 per cent.

Daiwa Europe Limited

Bankers Trust International Limited

Nomura International Limited

Algemene Bank Nederland N.V.

Banque Paribas Capital Markets Limited

BNP Capital Markets Limited

County NatWest Limited

IBJ International Limited

Mitsui Trust International Limited

Norinchukin International Limited

Security Pacific Hoare Govett Limited

SwedBank

S.G. Warburg Securities

Merrill Lynch International & Co.

SBCI Swiss Bank Corporation

Investment banking

Banque Bruxelles Lambert S.A.

Barclays de Zoete Wedd Limited

Citicorp Investment Bank Limited

Dresdner Bank

Aktiengesellschaft

Mitsubishi Finance International Limited

Morgan Stanley International

Prudential-Bache Capital Funding

Svenska Handelsbanken Group

Union Bank of Switzerland (Securities) Limited

Wood Gundy Inc.

INTERNATIONAL COMPANIES AND FINANCE

Scepticism greets second DnC shake-up

Karen Fossli examines the changes at the troubled Norwegian commercial bank

A n air of scepticism hangs over this week's restructuring at Den norske Creditinstitut (DnC) — the second shake-up in a year — as Norway's troubled commercial bank forecast that loan losses in 1988 could reach Nkr1.5bn (\$217.3m).

This compares with an earlier forecast of Nkr1.1bn, and, after adjustments, would imply a pre-tax deficit for 1988 of Nkr500m.

The latest forecast from DnC comes against a backdrop of gloomy projections for other Norwegian credit institutions.

Kredittilsynet, Norway's securities, banking, exchange and insurance inspectorate, has forecast that total losses by the country's credit institutions this year could be about Nkr3.8bn.

The prediction reflects problems in the Norwegian economy that have led to a broad deterioration in the asset quality of credit institutions.

Dutch insurers show moderate increase

By Laura Reun in Amsterdam

NATIONALE-Nederlanden and Amey, two of the Netherlands' top three insurance companies, posted moderately higher earnings for the first half of 1988 amid waning pressure from currencies.

Nat-Ned said exchange rates exerted no pressure on revenue and profits for the first time since 1984 while Amey said only modest pressure was felt. Both insurers were optimistic for 1988, Nat-Ned forecasting higher profits and Amey expecting higher earnings before extraordinary items.

The course of business at both generally differed during

the first half except that both are troubled by health insurance lines. Also, life insurance in the Netherlands is lagging behind that abroad at both concerns.

Nat-Ned, the biggest insurance company, said net income rose 12 per cent to Fl 326m (\$15.3m) from Fl 291m a year earlier, thanks to a marked turnaround in non-life business.

Fire, marine and aviation coverage as well as miscellaneous lines reported good profit growth although motor and accident and health remained in the red.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY: Indices of industrial production, manufacturing output (1980=100); engineering orders (£ billion); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Eng. output	Emp. order	Retail vol.	Retail value	Unemployed	Vacs.
1987							
1st qtr.	111.1	108.1	27.7	125.5	188.5	3,073	210.4
2nd qtr.	112.0	109.4	28.0	126.5	189.5	3,076	223.1
3rd qtr.	111.3	108.2	28.2	121.5	177.8	2,927	211.3
4th qtr.	116.3	112.3	29.0	132.4	210.8	2,859	262.1
December	115.4	112.0	28.5	120.5	204.9	2,814	265.5
1988							
1st qtr.	115.4	114.1	21.1	120.5	172.5	2,594	247.7
2nd qtr.	116.5	115.5	22.5	125.5	187.1	2,614	248.5
January	116.5	115.5	22.5	124.5	177.0	2,595	246.5
February	114.0	112.3	31.0	126.3	186.5	2,833	247.9
March	116.8	114.3	31.1	126.5	177.1	2,604	245.5
April	116.8	114.3	31.1	126.5	186.5	2,604	245.5
May	117.2	114.6	31.6	126.5	186.5	2,604	245.5
June	116.5	114.3	31.6	126.5	186.5	2,572	245.2
July	116.5	114.3	31.6	126.5	186.5	2,572	245.2

	Chamfered goods	Invest. goods	Invest. goods	Eng. output	Manuf. output	Trade stocks	House. starts
1987							
1st qtr.	107.4	108.1	102.7	114.8	165.3	17.5	17.5
2nd qtr.	110.5	110.4	117.4	104.4	120.1	164.8	20.0
3rd qtr.	112.5	112.5	118.5	110.5	121.1	167.0	18.5
4th qtr.	113.7	118.5	118.5	117.7	122.5	165.5	17.5
December	113.7	118.5	118.5	117.7	122.5	165.5	17.5
1988							
1st qtr.	112.5	110.5	108.1	102.5	120.5	160.7	20.1
2nd qtr.	114.5	112.5	120.5	115.5	120.5	165.3	23.1
January	114.5	112.5	120.5	115.5	120.5	165.3	23.1
February	114.5	112.5	120.5	115.5	120.5	165.3	23.1
March	112.7	118.5	120.5	111.0	120.5	160.0	21.5
April	112.8	118.5	120.5	113.0	120.5	160.5	21.5
May	112.8	118.5	120.5	114.0	120.5	160.5	21.5
June	112.8	118.5	120.5	114.0	120.5	160.5	21.5
July	112.8	118.5	120.5	114.0	120.5	160.5	21.5

	External trade: Indices of export and import volume (1980=100); visible balance; current account (£m); oil bill (£m); terms of trade (1980=100); official reserves.
1987	
Export volume	107.4
Import volume	108.1
Visible balance	-1.21
Current account	-1.27
Oil bill	125.5
Terms of trade	104.3
Official reserves	1,000
1988	
Export volume	112.5
Import volume	112.5
Visible balance	-2.22
Current account	-2.22
Oil bill	120.5
Terms of trade	104.3
Official reserves	1,000

	External trade: Indices of export and import volume (1980=100); visible balance; current account (£m); oil bill (£m); terms of trade (1980=100); official reserves.
1987	
Export volume	107.4
Import volume	108.1
Visible balance	-1.21
Current account	-1.27
Oil bill	125.5
Terms of trade	104.3
Official reserves	1,000
1988	
Export volume	112.5
Import volume	112.5
Visible balance	-2.22
Current account	-2.22
Oil bill	120.5
Terms of trade	104.3
Official reserves	1,000

	External trade: Indices of export and import volume (1980=100); visible balance; current account (£m); oil bill (£m); terms of trade (1980=100); official reserves.
1987	
Export volume	107.4
Import volume	108.1
Visible balance	-1.21
Current account	-1.27
Oil bill	125.5
Terms of trade	104.3
Official reserves	1,000
1988	
Export volume	112.5
Import volume	112.5
Visible balance	-2.22
Current account	-2.22
Oil bill	120.5
Terms of trade	104.3
Official reserves	1,000

FINANCIAL-Money supply (M0, M1 and M2); forward percentage changes; bank lending, lending to private sector, building societies* and finance companies; credit; officially adjusted. Clearing Bank base rate (per period).

*Not seasonally adjusted. Figures in millions.

Figures in millions. Source: Bank of England.

FIVE-YEAR RECORD (Nkr Bn)			
Total assets	Operating profit	Losses on loans	Net profit
1983	9.448	0.065	0.548
1984	9.605	0.188	0.562
1985	10.223	0.363	0.617
1986	11.158	0.405	0.627
1987	9.077	0.247	0.224

* Before losses and taxes. Losses in brackets

1983-87

1987

1988

1989

1990

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Hutchison lifts interim dividend

By Michael Murray in Hong Kong

HUTCHISON WHAMPOA, the Hong Kong company controlled by Mr Li Kashin with interests in property development, retailing, telecommunications, oil exploration and the territory's container port, yesterday stepped up its interim dividend.

This followed a 7.6 per cent gain in first-half profits, after tax and minority interests, to HK\$821m (US\$118.1m).

Extraordinary credits amounting to HK\$603m, mainly from land sales and the disposal of part of the group's stake in three container port terminals, boosted attributable profit to HK\$1.52bn.

Australian Airlines 88% ahead

By Our Sydney Correspondent

AN ELEVENFOLD surge in operating profits has brought an 88 per cent increase in net earnings for Australian Airlines, the state-owned domestic air carrier.

The results coincide with intense controversy in the ruling Labor Party as activists try to resist government designs to sell off part of the airline.

They also come ahead of the termination in 1990 of Australia's two airline policy, under which competition is highly regulated between Australian and one other domestic airline, Ansett, owned jointly by Sir Peter Abeles' TAA group and Mr Rupert Murdoch's News Corporation.

Australian's figures, for the year to June, showed operating profits of A\$61.6m (US\$50.2m) before taking into account aircraft sales and other extraordinary items. This compares with only A\$5.6m in the previous year.

Abnormal profits of A\$15.1m were down on the previous year's A\$18.9m and included aircraft sales worth A\$5m. With a heavier tax provision of almost A\$30m, the airline ended up with a group profit after tax of A\$46.8m, against an equivalent 1988-87 figure of A\$24.9m.

Revenues topped the A\$1bn mark for the first time at A\$1.1bn, a rise of almost 17 per cent.

The interim dividend is 13 cents a share, up from 10.6 cents in 1987 adjusted for last October's rights issue.

Cheung Kong Holdings, the property concern which owns 37 per cent of Hutchison, in net profits of HK\$841m, up 43.7 per cent from a previous HK\$585m, and extraordianries of HK\$240m produced attributable profits of HK\$1.52bn.

Cheung Kong will pay an interim dividend of 8 cents per share.

The results for the two companies were in the mid-range of expectations, and failed to excite much interest on the

local stock market. They followed reports the previous day from two other companies in the group - Hong Kong Electric, the power utility, showed a 9 per cent rise in attributable profits to HK\$624.6m, while Cavendish International, spun off in June 1987, gave net earnings as HK\$415m against HK\$196m.

Cheung Kong was a beneficiary of the territory's booming property sector, and despite the effect of rising interest rates on the market its second half results are expected to be better than those for the first half.

Profits from Hutchison's

property division were also on schedule, with sales of flats and letting of space in investment properties proceeding well.

However, profits from Husky Oil, the Canadian energy group, were less than budgeted because of weak oil prices.

Hong Kong International Terminals, a Hutchison subsidiary, recently won the tender to develop, commission and operate a major new terminal at the territory's Kwai Chung container port.

The group is also mounting a bid for the licence to operate the territory's planned cable television network.

Cathay Pacific Air rises 23%

By John Elliott in Hong Kong

CATHAY PACIFIC Airways, Hong Kong's international air carrier, yesterday reported a 23.2 per cent increase in net profit for the first half, despite a setback in returns from investments in international financial markets.

Profits after tax rose to HK\$1.03bn (US\$132.1m) compared with HK\$855.7m on turnover up 30 per cent from HK\$531m to HK\$655m.

This followed a 70 per cent profits increase for the whole of 1987. It stemmed from a 16.8 per cent rise in capacity flown, which totalled 2.68bn tonne kilometres and illustrates the size of the airline, and a 73.5 per cent revenue load factor, which

measures capacity use. The airline carried 2.88bn passengers, 20.5 per cent more than the same period last year.

Cathay's good results on its airline operations were offset by problems in its financial dealings. Mr Gledhill said yesterday that net finance charges amounted to HK\$418.2m compared with HK\$172.3m. The principal cause was a fall in the return from funds with investment managers - believed to have been caused by money held outside Hong Kong in bonds - and an increase in interest paid on borrowings for aircraft acquisition.

Meanwhile, the interim dividend has been increased to 9 cents a share from 7.5 cents.

Samsung chip unit's sales soar

By Maggie Ford in Seoul

A WORLD shortage of semiconductors accompanied by substantial price rises pushed up sales at Samsung Semiconductor and Telecommunications, a subsidiary of the South Korean Samsung group, by 58 per cent to Won 322bn (\$43.2m) in the first half of this year.

Although the company reported net profits of only Won 3.8bn, up 18 per cent, analysts pointed to the quadrupling of recurring profit listed in the balance sheet as a better gauge of the company's performance.

Recurring profit (roughly equivalent to pre-tax earnings) increased to Won 33bn compared

with 31.2bn. South Korean companies are allowed under accounting rules to make certain adjustments which reduce income subject to tax.

The company's excellent performance is likely to continue, according to Mr Sean Goldrick

"The price of the 2668 D-ram chip, one of SST's main products, rose sharply in the second half of last year," he said. "so the gain will not be so great in the latter part of the year." But SST is to start selling its one megabit D-ram later this year, which should boost income.

Fines and royalty payments amounting to a reported \$80m

following a dispute last year with Texas Instruments, the US semiconductor manufacturer, have not yet appeared on the company's balance sheet. They are expected to be amortised over as long as five years.

Like other South Korean companies which import components from Japan and have dollar-denominated debt, SST is benefiting from the appreciation of the won against the US currency and the yen. The company, which is to be merged later this year with Samsung Electronics, the group's consumer electronics division also makes telephone switching equipment, telephones and computers.

As Mr Keating pointed out in his budget speech, since the dollar was floated and exchange controls were removed in 1983, "we have built a constellation of dynamic companies which are rapidly building assets abroad."

"This dramatic increase is acting as a growing counterweight to our debt burden, and in time will be matched by an equally dramatic rise in a return of dividends flowing to Australia."

The implication is that Australia will in time have a greater capacity to offset its external debt - in effect a bonus springing from its new internationalism. Coming on top of the evidence of the stabilisation of the debt-to-GDP ratio, it could also mean that financial markets will soon come to view Australia's external debt problem with greater equanimity than in the past.

In the words of one official: "If Australian equity investment abroad is rising fast, then analysts who look only at the country's external debt position are likely to think we are worse off than we actually are."

The Treasury nevertheless remains cautious. "It remains to be seen whether or not the debt ratio has reached its 'critical' level," it said in the budget documents. "A lot will depend on how long the favourable factors presently operating to hold down the ratio are sustained."

"What is clear is that to be sure of stabilising and reducing the external debt burden, the current account deficit has to fall further." That is exactly what the financial markets still want to hear.

Surge in Australian investment overseas

By Chris Sherwell

In Sydney

CONCERTED intervention by central banks in the foreign exchange markets finally had the desired effect in depressing the US currency yesterday, although not enough to curb the desire of investors for dollar-denominated paper.

While the dollar slipped slightly in Europe where central banks have been selling it heavily, it rose against the yen, approaching a level that sparked dollar sales by the Bank of Japan earlier this year.

The trends reflect the increasingly international nature of the Australian economy as a result of the Labor Government's five-year-old deregulatory economic programme.

They also have potentially important consequences for assessments of the country's external liabilities, which have been a preoccupation of government policy as chronic current account deficits have progressively added to the external debt burden.

In 1986 Australia lost its AAA Moody's rating on government debt because of its deteriorating external position. Some analysts believe that it could soon be regained as a result of the budget, in which Mr Paul Keating, the federal Treasurer, promised a record budget surplus, a reduction in the current account deficit and the refinement of A\$3bn (US\$2.4bn) in foreign debt.

But the slip in the dollar's level registered only slightly on bond issues denominated in that currency, with Eurobonds closing mostly unchanged and selected issues posting gains.

Indeed, one large dollar Eurobond was launched today and several other borrowers are said to be tapping the market imminently.

Labor Bank Overseas Curaçao issued a seven-year \$250m bond with a 10 per cent coupon, priced at 101.4% to 61 basis points over US Treasury bonds at launch. The issue is guaranteed by AAA-rated Banca Nazionale del Lavoro, which is owned by the Italian Government. The proceeds were swapped into floating rate Eurobonds.

The issue was seen trading outside its 1% per cent fees at less 1.50 bid. Lead manager Nomura International said it alone had placed \$116.4m of the bonds, at 101.4% of par.

In addition, the syndicate of the big three Swiss banks met yesterday to discuss

Dollar setback fails to curb investor appetite

By Our Euromarkets Staff

In Sydney

whether Deutsche Bank and other West German banks would be allowed to join the grouping, which accounts for three-quarters of all new Swiss franc bond issues. An announcement is expected today.

Deutsche Bank (Suisse) is the only foreign bank to have been managing an issue which was joined by the three banks, Credit Suisse, Union Bank of Switzerland and Swiss Bank Corporation.

The issue, launched a year ago, was, however, for Deutsche Bank's parent and thus regarded as a special case.

Deutsche and other main German banks are known to want a position in the main syndicate, whose 40-year agreement means they do not compete with each other for mandates and restrict their participations in issues brought by other lead managers. If they are allowed to join, the main question will surround the quota they will be allocated.

Against the background of a quiet secondary market of straight bonds, there were two Japanese convertible issues.

The first of SF300m for the construction company, Toshiba, was the largest convertible seen in the Swiss market for some time. The par-priced five-year issue, carrying an indicated 4% per cent coupon, was swapped into four currencies with principal amortisation over the life of the bond.

In the equity warrant bond market, prices were little changed and one new issue surfaced. Daiwa Europe lead manager, a \$200m four-year offering for Hankyu Corporation, a railway operator. The issue has an indicated coupon of 4% per cent, in line with recent larger deals, but not enough to help bonds close within their 2% per cent fees. Also, Nikkei Securities fixed the coupon on its \$200m offering of equity warrant bonds for July Paper at the indicated 4% per cent level.

Two Australian dollar bonds surfaced, the larger of which was a \$160m floating rate note for Samwa Australia Leasing. The bonds pay the mean of the 3-month Australian bank bill rate minus 30 basis points. There is a put option at par after the first six months and at par on every interest payment date thereafter.

Norddeutsche Landesbank Luxembourg, a subsidiary of NordLB of West Germany, issued \$150m of three-year bonds carrying a coupon of 13% per cent. The issue was seen just inside its 2% per cent fees, the lead manager said.

In Switzerland, the syndicate of the big three Swiss banks met yesterday to discuss

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

US DOLLAR STRAIGHTS

	Issue	Std	Offer	day	week	Yield
Ashley National 71/2	200 193/4	94+0%	5.66			
All Nippon Air 9% 97	100 92/4	92/4	0	10.62		
America Brand 9% 97	100 92/4	92/4	0	10.62		
AT&T Corp 7% 93	100 92/4	92/4	0	10.03		
AT&T Corp 8% 92	100 92/4	92/4	0	9.98		
AT&T Corp 8% 94	100 92/4	92/4	0	9.98		
AT&T Corp 8% 95	100 92/4	92/4	0	9.98		
AT&T Corp 8% 96	100 92/4	92/4	0	9.98		
AT&T Corp 8% 97	100 92/4	92/4	0	9.98		
AT&T Corp 8% 98	100 92/4	92/4	0	9.98		
AT&T Corp 8% 99	100 92/4	92/4	0	9.98		
AT&T Corp 8% 00	100 92/4	92/4	0	9.98		
AT&T Corp 8% 01	100 92/4	92/4	0	9.98		
AT&T Corp 8% 02	100 92/4	92/4	0	9.98		
AT&T Corp 8% 03	100 92/4	92/4	0	9.98		
AT&T Corp 8% 04	100 92/4	92/4	0	9.98		
AT&T Corp 8% 05	100 92/4	92/4	0	9.98		
AT&T Corp 8% 06	100 92/4	92/4	0	9.98		
AT&T Corp 8% 07	100 92/4	92/4	0	9.98		
AT&T Corp 8% 08	100 92/4	92/4	0	9.98		
AT&T Corp 8% 09	100 92/4	92/4	0	9.98		
AT&T Corp 8% 10	100 92/4	92/4	0	9.98		
AT&T Corp 8% 11	100 92/4	92/4	0	9.98		
AT&T Corp 8% 12	100 92/4	92/4	0	9.98		
AT&T Corp 8% 13	100 92/4	92/4	0	9.98		
AT&T Corp 8% 14	100 92/4	92/4	0	9.98		
AT&T Corp 8% 15	100 92/4	92/4	0	9.98		
AT&T Corp 8% 16	100 92/4	92/4	0	9.98		
AT&T Corp 8% 17	100 92/4	92/4	0	9.98		
AT&T Corp 8% 18	100 92/4	92/4	0	9.98		
AT&T Corp 8% 19	100 92/4	92/4	0	9.98		
AT&T Corp 8% 20	100 92/4	92/4	0	9.98		
AT&T Corp 8% 21	100 92/4	92/4	0	9.98		
AT&T Corp 8% 22	100 92/4	92/4	0	9.98		
AT&T Corp 8% 23	100 92/4	92/4	0	9.98		
AT&T Corp 8% 24	100					

UK COMPANY NEWS

Queens Moat rises 90% to £17.2m at half year

By Clay Harris

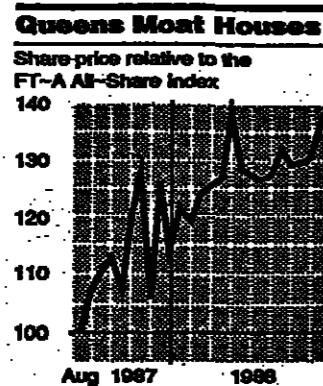
QUEENS MOAT Houses, provincial hotels operator in the UK and four continental European countries, increased pre-tax profits by 80 per cent to £17.2m in the 27-week period to July 10.

The group estimated net assets per share at 130p, after a property review, which valued its hotels at £310m, a rise of £125m over the 1987 year-end figure. Although restrained by a higher tax charge, earnings per share rose by 44 per cent.

After a year of rapid expansion through acquisition on the Continent, Queens Moat has bought only two hotels so far in 1988 to take its total to 117, of which 77 are in the UK.

Mr John Bristow, chairman and joint managing director, yesterday described the first half as a period of consolidation but said Queens Moat was continuing to look for expansion opportunities. A new hotel is due to open next month in Reading and seven are under construction.

The occupancy rate in UK hotels rose from 62 per cent to 65 per cent. UK profits showed 17 per cent organic growth. In West Germany, the Holiday Inns acquired last year



for 1988 was likely to be between 22 and 25 per cent. The interim dividend is increased to 1.05p (0.9p).

COMMENT

Considering Queens Moat's fetish of catering to provincial business travellers with open wallets and shamming the fickle metropolitan tourist trade, it was fitting that the only hotel where the occupancy rate was lower this year than in the 1987 half was the group's single London property. But even the Drury Lane was able to raise profits by 5 per cent despite the occupancy slippage from 82 per cent to 75 per cent. For the rest of 1988, acquisitions are likely to continue to be made, and on a small scale, but Spain may prove the exception with an adventurous expansion.

Queens Moat's pre-tax advance from £9.06m was achieved on turnover ahead by 53 per cent to £107.7m (£70.2m). Fully diluted earnings per share rose to 3.05p (2.14p).

The estimated tax charge was 24.9 per cent, against 22.5 per cent in the first half last year and 20 per cent for 1987 as a whole. Mr Bristow said yesterday that the full-year rate

recorded 70 per cent occupancy, the figure was 53 per cent for the former Crest hotels bought in the same £14m deal.

Queens Moat's pre-tax advance from £9.06m was achieved on turnover ahead by 53 per cent to £107.7m (£70.2m). Fully diluted earnings per share rose to 3.05p (2.14p).

The estimated tax charge was 24.9 per cent, against 22.5 per cent in the first half last year and 20 per cent for 1987 as a whole. Mr Bristow said yesterday that the full-year rate

Barr & Wallace at £0.8m

BARR & WALLACE Arnold Trust, which has interests in motor distribution, leisure and holidays as well as fuel distribution, continued to progress through the first half of 1988 raising profits for the period from £608,000 to £814,000 pre-tax. Turnover rose from an adjusted £68m to £80.07m.

From earnings 2p higher per ordinary and 4p per share, the interim dividend is increased by 0.5p to 3.5p.

A divisional breakdown of profits shows motor distribution £1.65m (£830,000), leisure and holidays £185,000 (loss £383,000), fuel and distribution £131,000 (£100,000). Parent company and property division losses totalled £153,000 (£118,000).

So far in August trading in motor distribution had been buoyant and indications were for another good result for the full year. The leisure and holidays side had sustained the recovery established last year and the improved results from fuel distribution were achieved despite a depressed trading environment and one of the warmest winters

Name change, £11m buys and £13.2m rights at JW Wassall

By Andrew Hill

J.W. WASSALL, the footwear retailer now headed by two former Hanson executives and a former corporate finance executive at Dillon Read, has taken several strides towards becoming a conglomerate.

In a flurry of activity yesterday, the company - which will change its name to plain Wassall - announced the £11m acquisition of two companies in the seating and veneer businesses, launched a £13.2m rights issue and offered to buy out minority shareholders at the suspension price of 125p.

The three new executives will receive substantial share options and Hanson, the UK conglomerate, will hold 11 per cent of the enlarged company.

Mr Christopher Miller, Wassall's chief executive and a former associate director of Han-

son, said: "We hope that by offering institutions and private investors shares at the suspension price, they will feel they were in at the beginning. This is a long-term project, not a get-rich-quick venture."

Wassall is buying the seating and veneer businesses - Ever-taut and Toone - from Harris & Sheldon, a private mini-conglomerate headed by Mr James Miller, father of Mr Christopher Miller. Mr James Miller will become chairman of Wassall and the cash and shares deal will leave Harris & Sheldon with 13.8 per cent of the enlarged group.

Three executives - Mr Christopher Miller, Mr Philip Turner, formerly Hanson's business development manager, and Mr David Roper, a former corporate finance executive at Dillon Read - will hold 16.6 per cent of the group. Hanson will be represented on the board by Mr John Tatton, an executive director.

Wassall also announced pre-tax profits of £14.864 (£12.573) in the six months to July 30. Turnover rose to £1.77m (£1.42m) and earnings per share to 4.25p (3.69p).

Pifco up 29% to £2.02m

PIFCO HOLDINGS, manufacturer of electrical appliances, returned profits of £2.02m pre-tax for the 12 months ended April 30 1988, an improvement of 29 per cent over the previous year's £1.56m.

Earnings amounted to 35.8p (24.9p) and a final dividend of 5.5p raised the total by 2p to 3.5p per 20p share.

Sales for the first three months of the current year showed a satisfactory increase, the company said, and it was continuing to look at possible acquisitions.

Jos Holdings

Net asset value per share of Jos Holdings, investment trust, declined from 242p to 199.8p over the year to July 31 1988. However, the figure was 16.2p higher than that standing at end-January 1988.

Net revenue for the year rose to £345,000 (£277,000), equal to earnings of 4.67p (3.75p) per share. A recommended final dividend of 3.2p raises the total from 3.67p to 4.25p. A one-for-four scrip issue is proposed.

Waterford sells print arm

WATERFORD GLASS, the Irish crystal and china manufacturer, has sold John Hinde, its Dublin-based printing and postcard subsidiary, for £4.3m (23.6m).

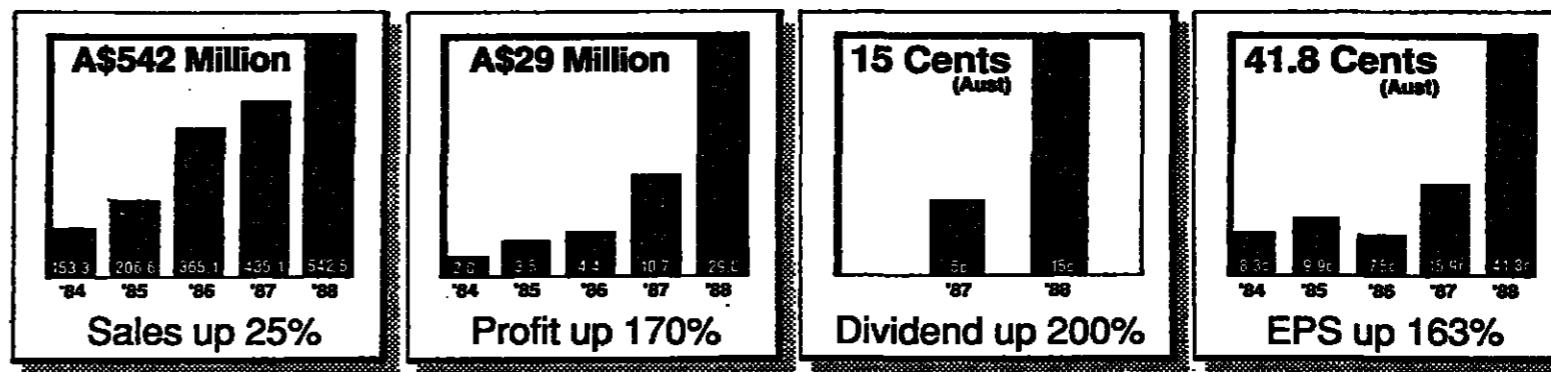
The group has been sold to a consortium of private investors

and members of the present

John Hinde management, in a further move in Waterford's rationalisation programme.

In addition to the sale price, Waterford will also receive £1.1m through the repayment of inter-company balances.

ANOTHER RECORD YEAR FOR HANIMEX



WELL POSITIONED FOR THE 1990's

The year just completed represents much more than one of record sales and profits. It is the culmination of five years work of recovery from losses in 1983 and re-positioning as a truly international company focused on the designing, sourcing, marketing and distribution of imaging products.

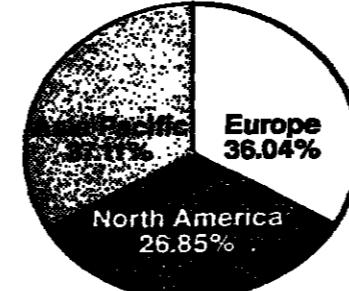
TOP BRAND NAMES

Our own brand names - Hanimex and Vivitar - rank first or second in many of their markets around the world. We distribute various Fuji products in Australia, New Zealand and the UK. Also distributed are Shimadzu, SMA Schaut, Durst and Elki in certain markets. We have an increasing emphasis on industrial products to complement our consumer range.

HARD DECISIONS

The decisions to exit manufacturing by selling or closing factories in Hong Kong, the USA, Ireland and Australia were not easy, but have proven to be correct. In the latest year, this exit was completed with the closure of the Irish factory and the sale of the Australian manufacturing facility. We are able now to concentrate our time and money on what we do best.

WORLDWIDE SALES
Hanimex has operating
subsidiaries in 10 countries
and Group products are
sold through a distributor
network in another 65 countries.



With an improvement in efficiency, Hanimex's Vivitar operations in the US recorded a substantial profit increase while maintaining their leadership position in key areas of the photogaphics industry. In Europe, the United Kingdom and West German subsidiaries both posted good profit increases. The French subsidiary provided a contribution similar to the previous year despite increased sales. This was mainly due to higher expenditure in selling and marketing, the benefits from which should accrue in 1988/89.

Excellent results were again achieved by the New Zealand and Canadian subsidiaries, as well as the international distributor operation which sells to 65 countries in which Hanimex does not operate through a subsidiary.

SECURE PRODUCT SOURCES

Hanimex has been quick to secure its position in product sourcing and is continuing to forge close ties with reliable manufacturers with emphasis increasingly away from strong currency countries. This has been coupled with a careful and concerted drive on higher quality controls, and maintenance of links with high technology suppliers.

MAINTAINING THE MOMENTUM

"Trading to date in the new financial year has been strong. Vivitar is maintaining its momentum in North America, greater penetration is being achieved in Europe and the Group's exposure in Australia is being enhanced through its involvement in Bicentenary events, including Fuji as official supplier at Expo 88."

HANIMEX
CORPORATION LIMITED

A MEMBER OF THE CHASE CORPORATION GROUP



HEAD OFFICE:
108-120 Old Pittwater Rd.
Brookvale NSW 2100 Australia
Telephone 612 938 0400
Facsimile 612 938 4100

Scantronic expands in the US

By Andrew Hill

IN ITS first significant move into the US, Scantronic Holdings, security company, is to buy Acron, a designer and manufacturer of burglar and fire alarm systems, for \$8.75m (£5.22m) cash.

Scantronic had planned to announce a major US purchase last year, but the deal - which did not involve Acron - had to be aborted at the final stages following the October crash.

The UK group is planning an issue of 3.62m new convertible preference shares at 100p a share, raising about £8.1m net of expenses to fund the acquisition.

The issue will also help pay for two cash deals announced

Property Trust cuts its losses to £140,000

From a much-increased turnover of £3.88m against a previous £2.76m, Property Trust reduced its taxable losses to £140,000 for the 12 months to end-March 1988, compared with £506,000.

The conversion terms - 75 ordinary shares for every 100 preference shares between 1980 and 2003 - represent an effective conversion price of 128p per ordinary share, against yesterday's closing price of 110p, down 7p.

earlier this month. On August 8, Scantronic said it would buy Systal, French security company, for £1.2m, and four days later launched an £8m partial cash offer for Gardner Group, security products distributor, with Automated Holdings, which owns 30.9 per cent of Scantronic.

Mr Chris Brooks, chief executive, said Acron would use Scantronic technology to increase its product range. In the year to February 29, Acron made £1.44m before tax on turnover of £7.7m.

He added that Scantronic would now consolidate, following the recent state of acquisitions, before looking for an

effective conversion price of 128p per ordinary share was given as 0.025 (0.25p).

The directors said the company had conditionally agreed to acquire a portfolio of industrial and office investment properties for £8m, satisfied by £2m cash with the balance by the issue of 150m new ordinary shares.

"Non-quota loans B are 1 per cent higher in each case than non-quota loans A. Equal instalments of principal. Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). S With half-yearly payments of interest only."

This announcement appears as a matter of record only



AUSTRALIAN WHEAT BOARD

£100,000,000

STERLING ACCEPTANCE DEALERSHIP PROGRAMME

Dealers

BARCLAYS BANK PLC

SAMUEL MONTAGU & CO. LIMITED

NATIONAL WESTMINSTER BANK PLC

SWISS BANK CORPORATION

Co-ordinated by:

Samuel Montagu & Co. Limited

Arranged by:

Australian Wheat Board

UK COMPANY NEWS

Profits rise hides failing in automotive parts and overseas interests

Marley advances 36% to £34.17m

By Clare Pearson

MARLEY, much restructured tile and brick manufacturer, achieved pre-tax profits of £34.17m in the half year to end-June, 36 per cent higher than last time. Margins improved markedly, as a continued programme of disposals meant turnover was virtually unchanged at £281.3m.

UK building materials businesses and property disposals provided all the growth in pre-tax profits, with contributions from automotive components and overseas interests coming out slightly lower than in 1987.

Property disposals put in £8.6m (£1.2m) to operating profits, of which £7.5m was provided by a single sale. Mr George Russell, chief executive, said property should continue to provide between £7m and £10m annually over the next 10 years.

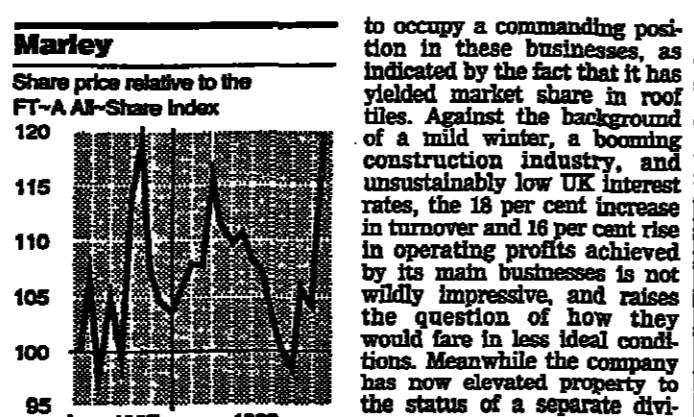
Strong demand from the building construction industry helped Marley's UK building materials interests achieve operating profits of £22m (£16.2m) or turnover of £157.7m (£130.8m). Contracting activities helped to offset the price

war in roof tiles.

But the decline in US housing starts put pressure on prices at Marley's subsidiary General Shale, with the result further aggravated by exchange rate translation. But Mr Russell said that the acquisition last month of Webster Brick in Virginia had increased General Shale's total capacity to 1bn bricks per annum, underlining Marley's commitment to the US market.

The lower US contribution, and problems - now resolved - with one other non-UK subsidiary, meant overseas building materials interests made operating profits of £7.6m (£9.4m) on turnover of £85.4m (£75.6m).

Motor components is building up to balance the traditionally heavy weighting of building materials profits towards the second half - were held back by the Ford strike in February. This cost about £500,000, while there were also heavy start-up costs at Marley Foam. Operating profits overall were down slightly at £2.9m (£3m) on turnover



over of £33.6m (£27.8m).

Earnings per share advanced to 8.5p (6.7p). The interim dividend was increased to 2.1p (1.65p).

COMMENT

Marley has spent the past few years carrying out the textbook exercise of returning to its core operations - building materials. Yet it does not seem

to occupy a commanding position in these businesses, as indicated by the fact that it has yielded market share in roof tiles. Against the background of a mild winter, a booming construction industry, and unsustainably low UK interest rates, the 16 per cent increase in turnover and 16 per cent rise in operating profits achieved by its main businesses is not wildly impressive, and raises the question of how they would fare in less ideal conditions. Meanwhile the company has now elevated property to the status of a separate division: but the large contribution from one very chunky sale early in the year shows how unevenly spread these profits may be. Nor is the automotive parts business renowned for its reliable returns. Analysts left pre-tax forecasts of about £71.5m for the current year unchanged yesterday. The prospective p/e of about 9 reflects very heavy recent trading in the shares, but Mr Russell is adamant there is no sign of a predator on the shareholders' register as yet.

Kidde, which Hanson acquired for \$1.6m last year, is included in the figures for eight months. Last week, Hanson announced the sale of Kidde's fire protection group to Pilgrim House Group for \$234m (£151m).

Hanson up to £605m after nine months

By Philip Coggan

HANSON, the diversified industrial conglomerate, yesterday announced third quarter pre-tax profits of £24.9m (£20.5m), bringing its profits for the nine months to June 30 to £605m compared with £517m in the same period last year.

The figures, though at the top end of analysts' estimates, had little impact on the market and the shares closed down 1p at 141p.

Sales in the third quarter were £1.86bn (£1.45bn), marking a 25.57m (£4.93bn) for the nine months as a whole. Fully diluted earnings per share for the nine months were 11.1p.

Mr Gordon White, chairman of Hanson Industries, the group's US arm, said: "Our US businesses are performing well in a strong economy and the restructuring of our Kidde companies is progressing splendidly."

Kidde, which Hanson acquired for \$1.6m last year, is included in the figures for eight months. Last week, Hanson announced the sale of Kidde's fire protection group to Pilgrim House Group for \$234m (£151m).

COMMENT

These third-quarter figures indicate that Hanson can still manage organic growth of 13 to 14 per cent despite its size, and that its deal-making skills have not deserted it. Kidde, which added around £10m (after financing costs) in the first five months, chipped in a further £2m in the third quarter. Not long ago some people were saying it all this year. And the company has already said that it can get a good price for the unwanted bits of Kidde, just as it did with Imperial, SCM and Kaiser Cement. Analysts were edging their full-year estimates up from £24.5m to £35m pre-tax yesterday but with Hanson expected to have nearly £1bn in cash by the year-end, speculation is likely to centre not on profits forecasts, but on the next acquisition target.

Keith Whitten plans series of acquisitions

Mr Whitten said that Rochingham, which has concentrated problems in its core business, made for lower profits.

Jourdan began an investigation into Rochingham - a baby products business that contributed 15 per cent of turnover last year - following the sudden resignation of its finance director in April. It was discovered that the levels of stocks and debts had been overstated in 1987.

Mr Whitten said that

Rochingham, which has concentrated problems in its core business, made for lower profits.

Jourdan unscrambled its cross-holdings with Mary Quant in £2.9m sale

Last links severed with Mary Quant in £2.9m sale

Thomas Jourdan up 49% despite Rochingham blow

By Alice Rawsthorn

THOMAS JOURDAN, consumer products group, increased pre-tax profits by 49 per cent from £627,000 to £335,000 in the first half of the year, despite the problems at Rochingham Babywear, which has lost its senior management team following the discovery of financial irregularities.

The group has also severed its last links with the Mary Quant business by selling Knightsbridge Design for £2.9m to Club Cosmetics of Japan. The disposal almost eliminates borrowings. Mr Keith Whitten, who became chairman in April and who made his name in the insurance world as an outspoken critic of the Lloyds of London establishment, plans a series of acquisitions.

He said that all the group's businesses - apart from Rochingham and Lion Brushes, which suffered from sluggish sales - performed well in the six months to June 30. Group turnover rose to £12.7m (£7.6m). Earnings per share increased to 3.79p (3.35p). An interim dividend of 1.5p (1.35p) has been declared.

Jourdan began an investigation into Rochingham - a baby products business that contributed 15 per cent of turnover last year - following the sudden resignation of its finance director in April. It was discovered that the levels of stocks and debts had been overstated in 1987.

Mr Whitten said that Rochingham, which has concentrated problems in its core business, made for lower profits.

Jourdan unscrambled its cross-holdings with Mary Quant in £2.9m sale

Quant earlier this year. It has now sold Knightsbridge, through which it received income from royalties of Quant cosmetics and hosiery chiefly from sales in Japan.

Mr Whitten said Jourdan had decided to sell Knightsbridge because the income from it - £247,000 last year - was static and it had no control over the development of the business. It intends to invest in new activities within the home products field.

COMMENT

The restructuring of Thomas Jourdan is long overdue. In the City's eyes it has suffered the parallel problems of its status as one of the most motley of mini-conglomerates and the stereotype of being stuck in the 1960s as "the Mary Quant company". The Knightsbridge sale solves the second problem and goes some way towards tackling the first. Yet there is still little or no industrial logic between brushes, baby mattresses, fire surrounds and trouser presses. The Whitten solution is to build critical mass in the weaker areas like brushes and to add strategic shape by buying new home products businesses. The Rochingham debacle may raise doubts about management controls, but the group should still produce profits of £3.3m this year. This leaves the shares, up 1p to 129p yesterday, fully valued on a prospective p/e of 10: at least until Rochingham's problems have been resolved and the promised acquisitions have taken effect.

Victaulic at £3.7m despite slip in margins

By Philip Coggan

VICTAULIC, the plastic pipeline company which was privatised via an employee buyout from British Steel five years ago, yesterday announced interim pre-tax profits of £2.66m, up 11 per cent from the £2.35m recorded in the same period last year.

The company joined the main market in May via a placing of shares at 235p each. Last night, the shares closed unchanged at 268p.

Trading margins were slightly down on last year's first half, partly due to rising raw materials prices which the

company was unable to pass on immediately to its customers.

There was also an exceptional debit of £262,000, reflecting redundancy costs at Victaulic Industrial Polymers, which experienced a fall in demand for labour intensive products.

Turnover in the six months to June 30 rose 25 per cent to £21.4m (£25.1m) but Mr David Stewart, the group's managing director, said that such a rate of sales growth would not be sustained in the second half. Around 80% of the turnover

increase came from acquisitions and in addition, the first half figures had benefited from the mild winter.

Earnings per share increased 10 per cent to 12.1p (11.1p). The interim dividend is being set at 3p; last year, the group paid a first interim of 1.75p and a second interim of 2p.

COMMENT

About 70 per cent of Victaulic's sales go to the water and gas industries and as such the group's shares represent a punt on Britain's infrastruc-

ture replacement. For the moment, such expenditure appears to be growing solidly, rather than spectacularly; there are plenty of ageing pipes and sewers to be replaced. In the second half, Victaulic will benefit from the flotation proceeds, from the lagging effect of raw material price increases and from a reduction in exceptional charges. All that adds up to likely pre-tax profits of about £7.6m, putting the shares on a prospective p/e of 10.5. That rating, which is bang in line with the market average, seems fair enough.

Keith Whitten plans series of acquisitions

These third-quarter figures indicate that Hanson can still manage organic growth of 13 to 14 per cent despite its size, and that its deal-making skills have not deserted it. Kidde, which added around £10m (after financing costs) in the first five months, chipped in a further £2m in the third quarter. Not long ago some people were saying it all this year. And the company has already said that it can get a good price for the unwanted bits of Kidde, just as it did with Imperial, SCM and Kaiser Cement. Analysts were edging their full-year estimates up from £24.5m to £35m pre-tax yesterday but with Hanson expected to have nearly £1bn in cash by the year-end, speculation is likely to centre not on profits forecasts, but on the next acquisition target.

Keith Whitten plans series of acquisitions

Mr Whitten said that

Rochingham, which has concentrated problems in its core business, made for lower profits.

Jourdan unscrambled its cross-holdings with Mary Quant in £2.9m sale

Acquisitions for Tace and Goring Kerr

By Nikki Tait

TACE, control equipment company, and Goring Kerr, metal detector manufacturer in which Tace has a 52.2 per cent interest, both announced interim pre-tax profits of £2.66m, up 11 per cent from the £2.35m recorded in the same period last year.

Both groups are part of the stable of companies built up by Mr Jock Mackenzie, chairman of both Tace and Goring Kerr.

Goring Kerr is acquiring Allen Coding Machines, maker of heat foil overprinting machinery used to label and code packaged products. Allen, based in Welwyn Garden City, made an adjusted pre-tax profit of £222,000 in the year to end-

November. Goring Kerr will initially acquire a 90 per cent interest in the year to end-March, Airtmatic's new shares. Of these, 1.22m are being placed by Smith New Court at 245p a share - raising a total of £2.6m - with an open offer to existing shareholders.

A further 168,328 shares are being issued at the same price for cash, again subject to shareholder clawback. The vendors of Allen have agreed to retain the remaining 200,000 shares for at least two years.

Tace, meanwhile, is paying £90,000 cash for Airtmatic and the Goring Kerr shares will go to repay borrowings. At end-September, net debt was £5.3m against deficit on shareholders' funds of £4.6m.

Yesterdays Tace shares fell 7p to 208p while Goring Kerr lost 3p to 277p.

Guinness takes compensation appeal to Lords

By Clive Wolkman

Guinness yesterday announced that it is to petition for leave to appeal to the House of Lords against the decision of the Takeover Panel last autumn which would require it to pay additional compensation to its shareholders.

Mr Mackenzie, certain members of his family and Scottish English and European Textiles (another Mackenzie company) are not taking up their rights in respect of 563,434 new shares. Mr Mackenzie's own interest will, therefore, reduce to around 15.6 per cent.

Keith Whitten plans series of acquisitions

Guinness yesterday announced that it is to petition for leave to appeal to the House of Lords against the decision of the Takeover Panel last autumn which would require it to pay additional compensation to its shareholders.

Mr Mackenzie, certain members of his family and Scottish English and European Textiles (another Mackenzie company) are not taking up their rights in respect of 563,434 new shares. Mr Mackenzie's own interest will, therefore, reduce to around 15.6 per cent.

Keith Whitten plans series of acquisitions

Guinness yesterday announced that it is to petition for leave to appeal to the House of Lords against the decision of the Takeover Panel last autumn which would require it to pay additional compensation to its shareholders.

Mr Mackenzie, certain members of his family and Scottish English and European Textiles (another Mackenzie company) are not taking up their rights in respect of 563,434 new shares. Mr Mackenzie's own interest will, therefore, reduce to around 15.6 per cent.

Keith Whitten plans series of acquisitions

Guinness yesterday announced that it is to petition for leave to appeal to the House of Lords against the decision of the Takeover Panel last autumn which would require it to pay additional compensation to its shareholders.

Mr Mackenzie, certain members of his family and Scottish English and European Textiles (another Mackenzie company) are not taking up their rights in respect of 563,434 new shares. Mr Mackenzie's own interest will, therefore, reduce to around 15.6 per cent.

Keith Whitten plans series of acquisitions

Guinness yesterday announced that it is to petition for leave to appeal to the House of Lords against the decision of the Takeover Panel last autumn which would require it to pay additional compensation to its shareholders.

Mr Mackenzie, certain members of his family and Scottish English and European Textiles (another Mackenzie company) are not taking up their rights in respect of 563,434 new shares. Mr Mackenzie's own interest will, therefore, reduce to around 15.6 per cent.

Keith Whitten plans series of acquisitions

Guinness yesterday announced that it is to petition for leave to appeal to the House of Lords against the decision of the Takeover Panel last autumn which would require it to pay additional compensation to its shareholders.

Mr Mackenzie, certain members of his family and Scottish English and European Textiles (another Mackenzie company) are not taking up their rights in respect of 563,434 new shares. Mr Mackenzie's own interest will, therefore, reduce to around 15.6 per cent.

Keith Whitten plans series of acquisitions

Guinness yesterday announced that it is to petition for leave to appeal to the House of Lords against the decision of the Takeover Panel last autumn which would require it to pay additional compensation to its shareholders.

Mr Mackenzie, certain members of his family and Scottish English and European Textiles (another Mackenzie company) are not taking up their rights in respect of 563,434 new shares. Mr Mackenzie's own interest will, therefore, reduce to around 15.6 per cent.

CURRENCIES, MONEY AND CAPITAL MARKETS

49% blow

FOREIGN EXCHANGES

Bundesbank caps dollar rise

DETERMINED INTERVENTION by the West German Bundesbank kept the dollar below DM1.9000 in Europe yesterday, and left the US currency around the middle of the day's range at the close.

The Bundesbank was quick to show its hand during the morning, after the dollar had soared to DM1.9145 in the Far East. This brought the rate down to DM1.8920 in early European trading in the afternoon. The Bundesbank was again seen in the open market at around the DM1.8900 level.

A little earlier, at the Frankfurt fixing, the Bundesbank sold \$55m, when the dollar fell to DM1.8968, from DM1.8957 on Tuesday.

Action by the German authorities on the foreign exchanges, and the decision of the Bundesbank to hold a press conference after today's council meeting encouraged profit taking in the dollar.

The Bundesbank left its securities repurchase rate unchanged at 4.25 p.c. at this week's tender, but the announcement of today's press conference led to speculation that there may be an imminent rise in the German discount or Lombard rates.

Although the Bank of Japan did not intervene in Tokyo, dealers suggested the Japanese central bank may soon join in

co-ordinated support for the D-Mark.

This followed remarks by Mr Satoshi Sumita, Governor of the Bank of Japan, that the D-Mark should stabilise soon, and that central banks were in close contact to cope with the D-Mark's weakness.

The D-Mark was firm against the yen, holding above Y70.00 throughout, and closing at Y71.00 in Europe.

In Paris the Bank of France was not seen in the market when the D-Mark was fixed at its highest level since early May. The West German currency rose to DM3.3988, from DM3.3912 on Tuesday.

Economic news had little impact on the dollar. The US trade deficit, on a seasonally adjusted basis, was \$29.94bn in the second quarter. This was lower than expected, and the smallest trade gap since the second quarter of 1985.

At the London close the dollar had fallen to DM1.8920 from DM1.8905, to SF1.5950 from SF1.5905, and to FF16.4250 from FF16.4675, but rose to Y134.30 from Y133.90.

On Bank of England figures the dollar's exchange rate index fell to 100.0 from 100.1.

Sterling suffered from expectations of higher interest rates in the US and West Germany, and nervousness ahead of today's UK trade figures.

The pound fell below a technical resistance level of DM3.1850 against the D-Mark, amid fears that the visible trade deficit for the UK in July will be above recent estimates of around £1.5bn.

Sterling fell to DM3.1750 from DM3.2025, to SF1.6775 from SF1.6975, and to FF10.8250 from FF10.8325. It also eased slightly to £1.6785 from £1.6795, but rose to Y225.50 from Y224.75.

The pound's exchange rate index fell 0.2 to 75.9.

Estimated volume total, Cabs 275 Pds 463
Previous day's open int. Cabs 6735 Pds 10465

Estimated volume total, Cabs 276 Pds 66
Previous day's open int. Cabs 1400 Pds 10105

Estimated volume total, Cabs 277 Pds 1733
Previous day's open int. Cabs 752 Pds 1733

Changes are for Ecu, therefore positive change denotes a weak currency
Assessment calculated by Financial Times

£ IN NEW YORK

Aug 24	Latest	Previous Close
4 Spot	1.4070-1.4080	1.4075-1.4076
1 month	1.401-1.4020	1.395-1.3970
3 months	1.395-1.3960	1.382-1.3840
12 months		

Forward premiums and discounts apply to the US dollar

STERLING INDEX

Aug 24	Latest	Previous Close
8.30 AM	76.9	76.1
9.00 AM	76.9	76.1
11.00 AM	76.9	76.3
1.00 PM	76.9	76.3
2.00 PM	76.9	76.2
3.00 PM	76.9	76.3
4.00 PM	76.9	76.1

Estimated rate is convertible franc. Financial franc 67.60-67.80. Six-month forward dollar 2.24-2.19 per 12 months

2.72-2.66 per 12 months

All 50% rates are for Aug 24

CURRENCY RATES

Aug 24	Bank	Special Bank Rate	European Bank Rate	Bank Rate
Sterling	1.6783/94	1.6552/65	1.6552/65	1.6552/65
US Dollar	1.205/63	1.197/80	1.197/80	1.197/80
Canadian \$	1.27/22	1.26/25	1.26/25	1.26/25
Swiss Franc	7.45	7.41	7.41	7.41
French Franc	5.14/13	5.05/06	5.05/06	5.05/06
British Pound	1.62/65	1.61/64	1.61/64	1.61/64
German Mark	1.21/22	1.20/21	1.20/21	1.20/21
Italian Lira	1.46/53	1.45/52	1.45/52	1.45/52

Estimated rate is convertible franc. Financial franc 67.60-67.80. Six-month forward dollar 2.24-2.19 per 12 months

2.72-2.66 per 12 months

All 50% rates are for Aug 24

CURRENCY MOVEMENTS

Aug 24	Bank	Bank Rate	Market Rate	Discount % Rate
Sterling	1.6783/94	1.6552/65	1.6552/65	1.6552/65
US Dollar	1.205/63	1.197/80	1.197/80	1.197/80
Canadian \$	1.27/22	1.26/25	1.26/25	1.26/25
Swiss Franc	7.45	7.41	7.41	7.41
French Franc	5.14/13	5.05/06	5.05/06	5.05/06
British Pound	1.62/65	1.61/64	1.61/64	1.61/64
German Mark	1.21/22	1.20/21	1.20/21	1.20/21
Italian Lira	1.46/53	1.45/52	1.45/52	1.45/52

Estimated rate is convertible franc. Financial franc 67.60-67.80. Six-month forward dollar 2.24-2.19 per 12 months

2.72-2.66 per 12 months

All 50% rates are for Aug 24

OTHER CURRENCIES

Aug 24	E	S
Argentina	20.93/95	20.7780-21.0000
Brazil	2.02/05	2.02/05-2.02/05
Brunei	465.10-467.65	467.65-470.15
Colombia	4.47/50	4.47/50-4.47/50
Costa Rica	5.27-5.30	5.27-5.30
Danish Krone	8.63	8.63-8.63
French Franc	5.14/13	5.05/06-5.05/06
German Mark	1.21/22	1.20/21-1.20/21
Italian Lira	1.46/53	1.45/52-1.45/52
Malta	0.47/50	0.47/50-0.47/50
Peru	0.47/50-0.47/50	0.47/50-0.47/50
Switzerland	1.20/20-1.20/20	1.20/20-1.20/20
Yugoslavia	0.75-0.75	0.75-0.75

Estimated rate is convertible franc. Financial franc 67.60-67.80. Six-month forward dollar 2.24-2.19 per 12 months

2.72-2.66 per 12 months

All 50% rates are for Aug 24

MONEY MARKETS

London rates firm

INTEREST RATES continued to edge firmer in London yesterday, as investors showed nervous concern ahead of today's release of UK trade figures for July. The key three-month interbank rate rose to 11 1/4-11 1/2 p.c. from 11 1/4-11 1/2 p.c. on Tuesday. Many dealers are expecting a rise in base rates, but the timing and size of any increase remain uncertain.

Short term rates traded within a narrow band, as the Bank of England refrained

from intervening in the money market. Overnight rates traded between 10 1/2 p.c. and 9 1/2 p.c.

The Bank suggested a flat position in the money market. Repayment of any late assistance and a take up of Treasury bills, together with bills maturing in official hands, drained £74m, and banks brought forward balances a nominal £5m below target. There was also a rise in £135m. These were offset by Exchange transactions which added £20m.

There was no assistance offered by the Bank during the morning or afternoon.

Interest rates in Frankfurt fell slightly after the Bundes-

bank injected a net DM1.5bn of liquidity at yesterday's rate and repurchase tended. A total of DM4.18bn was allocated, replacing a maturing facility of DM1.2bn.

The size of the latest allocation was described as adequate, but not generous. Funds are still being drained by corporate tax payments, and constrained intervention by the Bundesbank to support the D-Mark in currency markets.

The mood of the market seems to be evenly divided on the question of a rise in key lending rates, ahead of today's meeting of the Bundesbank central council. It's first after a four-week summer recess. Mr Karl Otto Pöhl, Bundesbank president, will chair the meeting, and the Bank announced that there would be a news conference afterwards.

In Paris, French interest rates were a little higher, with call money breaking through the central bank's seven day intervention rate of 7% p.c.

Liquidity levels are being kept tight by the authorities in an effort to support the French franc against the D-Mark. There are fears that any further rise in West German rates may force the French authorities to reverse their recent pledge to reduce domestic rates.

Despite yesterday's higher French rates, the franc was fixed at a three-month low against the D-Mark.

CURRENCIES, MONEY AND CAPITAL MARKETS

FINANCIAL FUTURES

Prices slip ahead of trade data

STERLING BASED contracts lost ground in yesterday's Liffe market, as investors reacted to a rise in cash rates and a weaker pound.

The softer tone reflected uncertainty ahead of today's release of UK trade figures for July. These are generally expected to show a deterioration from June's £1bn current account deficit.

Cash rates are already dis-

counting at least a half point rise in UK base rates, and the September futures price on short sterling opened 14 ticks lower at 88.15, and touched a low of 88.12, before finishing at 88.15.

Long gilt futures were also depressed in seasonally low volume. Institutional investors continued to voice concern about the recent rise in economic growth and the implications for inflation. The September price slipped to 94.04, little changed from 94.03 at the opening, but down from 94.11 on Tuesday.

The bearish tone was highlighted after a day of very light trading in FT-SE futures, where the September price maintained a full four point discount to the underlying cash index.

Estimated volume total, Cabs 275 Pds 463
Previous day's open int. Cabs 6735 Pds 10465

Estimated volume total, Cabs 276 Pds 66
Previous day's open int. Cabs 1400 Pds 10105

Estimated volume total, Cabs 277 Pds 1733
Previous day's open int. Cabs 752 Pds 1733

Estimated

Continued on next page

UNIT TRUST INFORMATION SERVICE

Global Fund Data											
Last Price											
Offer Price											
+ or -											
Yield											
Bid Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price											
Offer Price											
+ or -											
Yield											
Last Price</											

COMMODITIES AND AGRICULTURE

Shortage fears fade in natural gas market

By Max Wilkinson, Resources Editor

WESTERN EUROPE's natural-gas market was changing rapidly as a feared shortage gave way to a potentially large surplus of low-cost supplies, according to an Economist Intelligence Unit report.

Professor Loren Cox, author of the report, said that although Europe was now very much a buyers' market for gas, the traditional secrecy and long-term relationships between producers and gas distributors might create difficulties for suppliers wanting to reach new markets.

Gas importers and distributors appeared to have perceived the changed conditions of competition between different fuels.

However: "There seems to have been a reluctance to take steps to exploit opportunities which were presented to buy more gas at competitive prices."

It had been assumed too readily that natural-gas production costs must rise steadily as exploration moved to more hostile areas and development required more complex techniques for smaller fields.

The report said: "This simple paradigm may be true over decades or centuries, but it is removed from reality in the shorter term."

"Improvements in understanding of geology and the physics of reservoir dynamics, in rig design, in subsurface completion technology, in pipeline material and laying techniques and similar developments act to lower costs and to increase the extent of economical reserves."

Apart from development of new North Sea gasfields

abundant supplies of natural gas were potentially available to western Europe from Algeria, the Soviet Union and possibly the Middle East.

The report said a review of costs suggested the resource-base of supply to western Europe was very large and costs of exploiting it relatively low.

"This is at odds with the traditional perception of natural gas as a scarce and therefore as a precious resource, which has gone with lack of interest in analysis of supply costs."

It said a difficulty for the gas industry, which stemmed from this historical perception, was the high degree of political interference.

"Driven both by national policies of fuel and supply diversification, importers were given a very broad hunting licence and, in choosing between sources, security of supply was clearly of major importance for many years."

"Demand or marketability was regarded as a secondary consideration even by large distribution companies which should have been able to foresee the significant changes in the market which began in 1973."

The evidence suggests that neither importers nor exporters were particularly aware of what was happening in the market place - or if they were, did not act on that information."

Natural gas in western Europe: economic or managed markets (EU special report No. 11/4). EIU, 40 Duke Street, London W1A 1DW. £165, UK and Europe, \$325. North America, £168, rest of the world.

Since then Barrick has

drilled, on its own land, a deep hole giving 14 oz of gold per tonne for 400ft of length. Some people might consider this an even better hole than that drilled for Newmont.

Barrick, not wishing to appear to upstage its neighbour, did not announce the discovery.

None the less, drilling results of that calibre galvanised Barrick into frantic activity. What at first seemed a fairly modest gold property turned into a bonanza which will propel the group into the top echelons of North American gold-producers.

Mr John McDonough, the Goldstrike mine-manager, says the company is shifting 100,000 tonnes to 120,000 tonnes of material a day, four times as much as 18 months ago.

"Next year we will go to 250,000 tonnes a day and we could go to 100,000 tonnes a year eventually. We are literally moving a mountain here."

Barrick, to meet targets, is to replace its truck fleet, which can haul 50 tonnes to 70 tonnes each trip, with the biggest vehicles available in the mining industry, able to carry 170 tonnes to 220 tonnes. They cost about \$1m (£600,000) each.

When Barrick took over in January last year 120 people worked at Goldstrike; the company now employs 530. Another 180 are employed by contractors on the site. Newmont's workforce has also been growing quickly.

Other companies - Cordex Syndicate, Foothills McMoran and Placer Development - are prospecting in the area and the little town of Carlin and the bigger one, Elko, third-largest in Nevada, simply cannot cope.

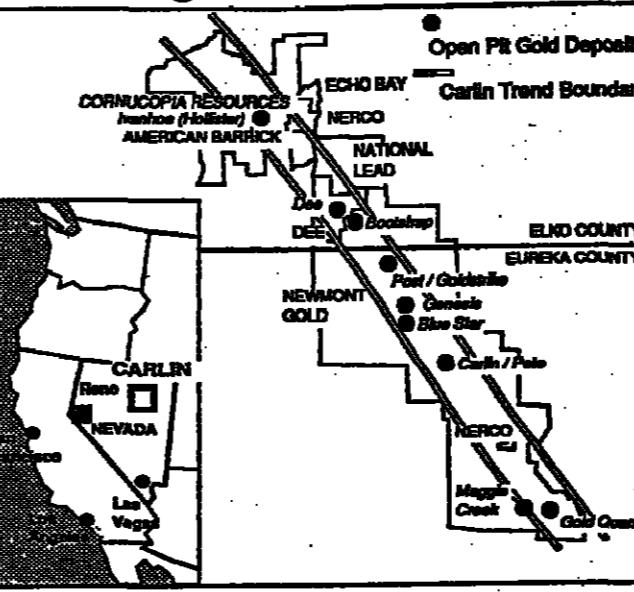
Barrick, on Newmont's behalf, pulled out a core which assayed at 9.83 Troy oz a tonne of ore for 470ft of its length. To a non-miner that might sound like a lot of ore and little gold.

However, the Nevada miners are happy to find 0.1 oz a tonne and some are getting by nicely on less than 0.04 oz because they can use open-pit mining and modern technology.

Newmont announced its position on January 27 and helped alert the world that beneath the tract lies the best gold formation outside South Africa and the Soviet Union.

Since then Barrick has

The Carlin gold belt



which about 30 tonnes of material will be shifted.

Neighbour Newmont has been invited to take advantage of the economies of scale offered by this huge pit, which could be enlarged to make the Newmont gold available, too. A deal is likely to be signed in October.

The two groups have formed a task-force to assess and develop a plan and agreement for mining that part of the deep gold reserves, about 25 per cent, which straddles their boundary.

Mr Alan Hill, Barrick's senior vice-president in charge of operations, says the deep gold is also likely to be mined by way of an open pit.

Partly above that rich deposit, Barrick has established, there are about 1.4m oz of gold near the surface. It is working out the details to recover this by digging a pit, 700ft deep, from

at the bottom of the ore zone. Barrick, to better understand the underground water, is driving a decline, that is a tunnel into the mountain. The decline will also give early access to high-grade ore.

The Nevada gold is not easily won; it is disseminated through the rock in tiny particles invisible to the naked eye. When Barrick moved into Goldstrike there were no facilities which would efficiently mine and treat the gold-bearing ore near the surface.

So the company embarked on an \$80m investment programme. Among other things it built new leach-pads - on which the ore is piled and sprayed with a weak cyanide solution to leach out the gold.

Plant to crush and agglomerate the rock, to make it more amenable to cyanide leaching, was started last December and completed in May.

In December a start was also made on a \$30m mill-refinery complex which was operational only a week behind schedule on August 7 even though there was still some instrumentation and electrical work to be done and cladding to the outside of the building to be completed.

There, apart from boosting gold-recovery efficiency - it will pay for itself in 2.8 years - it is also acting as a pilot plant for the new mine.

Mr Hill says that the most satisfying part of the Goldstrike experience is that Barrick can thumb its nose at all those in the industry who said the company paid too much. The property was turned down by other companies before Barrick bought it.

However, Barrick had monitored other companies' exploration results in the area and benefited by advice from Mr Brian Miller, then senior vice-president in charge of development but now semi-retired. He was convinced there was gold in them-thar Carlin hills.

Barrick paid about \$60m for Goldstrike. In comparison, if it makes \$100 an ounce on the gold reserves it has already established, a figure well below the current North American industry average, Goldstrike represents a potential profit of \$1.5bn.

Mr Hill says that from 1990 gold output could exceed 750,000 oz, depending on how Barrick decides to use the available ore (does it push particularly rich ore through the mill for a fast return in the early days?) and further capital investment.

The mine's deep gold is locked up, not in oxide ore like the metal near the surface, but in refractory sulphide ore which will need to be pre-oxidised before it will release gold to the cyanide.

Barrick will use Autoclave units which operate at high temperatures and high pressures to oxidise the ore. It has installed a \$12m Autoclave - the first in North America and small by comparison with what will be needed at Goldstrike - at its Mecer mine in Utah.

Plant to crush and agglomerate the rock, to make it more amenable to cyanide leaching, was started last December and completed in May.

Mr Hill says that the most satisfying part of the Goldstrike experience is that Barrick can thumb its nose at all those in the industry who said the company paid too much. The property was turned down by other companies before Barrick bought it.

However, Barrick had monitored other companies' exploration results in the area and benefited by advice from Mr Brian Miller, then senior vice-president in charge of development but now semi-retired. He was convinced there was gold in them-thar Carlin hills.

Barrick paid about \$60m for Goldstrike. In comparison, if it makes \$100 an ounce on the gold reserves it has already established, a figure well below the current North American industry average, Goldstrike represents a potential profit of \$1.5bn.

Venezuelan company sets up heavy oil subsidiary

By Joe Mann in Caracas

fuelled electric-power plants in Venezuela and to market the product overseas. It will be priced to compete with coal.

Bitumenes Orinoco will contract with other PDV subsidiaries for production and related services and directly handle marketing, sales, supply and support for clients. Commercial exports are planned for this year.

Until now PDV had not publicised orimulsion much in Venezuela, perhaps because of fears of future conflicts in Opec over how it might affect the crude output quota.

The company is progressing plans to use orimulsion in oil-

Faith moves a mountain in Nevada's bonanza

Kenneth Gooding on the 12.7m-oz gold-field that is the best outside S Africa and the Soviet Union

fuelled electric-power plants in Venezuela and to market the product overseas. It will be priced to compete with coal.

Brazilian coffee worries continue over dry weather

By Richard Mooney

DRY WEATHER is continuing to cause concern about the coffee crop in Brazil, by far the world's biggest producer.

Reports of rain in Brazil's growing areas triggered a sharp fall in New York coffee futures on Tuesday.

That was reflected on the London market yesterday morning when the November futures position dipped by about £20, to a low of £1,007 a tonne.

However, prices rallied after Brazilian weather experts said coffee areas remained dry and that there were as yet no signs of any significant change in the weather.

At the Institute for Spatial Studies, in São Paulo state, a forecaster said a cold front was likely to bring rain on the coast of southern Brazil but that the

possibility of it moving inland was remote.

At Paraná State Agricultural Institute, a forecaster said there had been 10mm to 14mm of rain in the state last week but that it was south of the coffee-growing regions.

The forecaster predicted that light rainfall expected over the next few days would also miss coffee areas.

At the Institute for Spatial Studies, in São Paulo state, a forecaster said a cold front was likely to bring rain on the coast of southern Brazil but that the

possibility of it moving inland was remote.

However, the forecaster said rain was expected in coffee areas at the start of next month.

ACCU-Weather, the US-based private forecaster, confirmed that Brazil's coffee areas had received no rain this week.

Further, it said none was expected today or, probably, tomorrow.

The dry spell, which has lasted several weeks, has prompted some local traders to cut estimates of next year's coffee harvest to 35m bags (60kg each) from forecasts of upwards of 40m bags.

However, others have

resisted the temptation to speculate on the crop, saying it is still too early to give accurate figures ahead of the flowering next month.

● INDIA expects to harvest a record coffee crop in 1988-89, Reuter reports from Bangalore. However, it is having trouble finding export markets and hopes to raise domestic consumption to absorb supply.

Mr K. Sundarajan, Indian Coffee Board chairman, said output in the crop-year which will end in September next year may reach 220,000 tonnes, easily exceeding the 1984-85 record of 195,000 tonnes.

Domestic consumption is

usually about 60,000 tonnes. Mr Sundarajan said: "We have a major problem getting Indians to drink more coffee and that problem is us."

"We are pleased with the crop but we are not going for unbridled production. Our major thrust is going to be to match marketing to production."

India's export quota under the International Coffee Agreement is set at 54,000 tonnes.

The Soviet Union, which is not a participant in the agreement, would take about 36,000 tonnes, Mr Sundarajan said.

Canadian crops 'down 31%

CANADIAN PRAIRIE farmers would harvest 31.7m tonnes of grain and oilseeds this year, down 31 per cent because of the drought, United Grain Growers said, writes Robert Gibbons in Montreal.

Harshest hit would be the wheat crop, forecast to fall nearly 40 per cent, to about 15.4m tonnes. Mr George Weaver, UCG research manager, said the Canadian Wheat Board would be short of export wheat, but it said long-term contracts would be met in full.

Saskatchewan, the main wheat-producing province, would harvest about 11.4m tonnes, half the usual crop. Yields were about 15 bushels an acre, down from 30 bushels

LONDON MARKETS

CONTINUING STRONG demand for lead helped lift the cash price for the metal to a 6-week high on the London Metal Exchange yesterday. Early buying was concentrated on the cash position which ended the day £8.50 higher at £364 a tonne. But in the afternoon attention switched to three months' metal, which broke through a resistance level at £368 to close at a gain of £2.10, or £370.50 a tonne.

ICCO indicator prices (US dollars per tonne) daily average for Aug 24: 1110.75 (1212.05).

SPOT MARKETS

Crude oil (per barrel FOB September) + or -

Dubai \$13.25-3.30q + 0.05

Brent Blend \$14.90-6.59q + 0.05

W.T.I. (1st pm est) \$13.65-6.70q

Oil products (NME prompt delivery per tonne CIF) + or -

Premium Gasoline \$182-185

Gas Oil \$130-133 + 0.05

Heavy Fuel Oil \$70-71 + 0.05

Naphtha \$137-139

Petroleum Argus Estimates

Other + or -

Gold (per Troy oz) + 6.00

Silver (per Troy oz) + 4.74

Platinum (per Troy oz) + 6.00

Palladium (per Troy oz) + 12.45-7.50 + 0.75

Aluminum (free market) \$2045

Copper (US Producer) \$1081-1082

Lead (US Producer) 36c

Nickel (free market) \$630c

Tin (European free market) \$1475

Tin (Malay Lumper market) 104.50

Tin (Malay Producer) 104.50-105.50

Zinc (US Producer) \$125.00

Zinc (US Prime Western) 65c

Cattle (live weight) 113.1p + 0.37

Sheep (dead weight) 165.00p + 0.94

Pigs (live weight) 68.85p + 1.26

London daily sugar (\$/tonne) \$274.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

AMERICA

Dow rebounds but buying interest remains subdued

Wall Street

EQUITIES RALLIED in moderate early trading yesterday, making up some of the ground lost in the past three sessions, writes *Martin Stanbridge* in *New York*.

Traders cited futures-related buying and the covering of short positions as the main factors in the rebound, though they cautioned that overall buying interest in stocks remained low so the gains might not be sustainable.

At 2 pm the Dow Jones Industrial Average was 20.98 higher at 2,010.33 as advancing shares exceeded falling ones by about two to one in volume of over 80m shares, with no evidence of dividend-related trading by institutions.

Morning trading in the bond market was narrowly mixed in quiet dealing as traders waited for the Treasury's sale of \$7.25bn of five-year, two-month notes.

The soft tone in bonds may also have resulted from the market's overreacting to some extent on the previous day to the news that consumer prices had only risen by 0.4 per cent in July and that durable goods orders had fallen by 7 per cent in the month.

The Treasury's benchmark long bond was quoted in the early afternoon 4% lower at 97.56 to yield 9.399 per cent, while

short dated stocks were trading unchanged at 99% yielding 8.821 per cent. The Fed funds were quoted at 7% having opened at 7%, while three-month Treasury bills were at 5% to yield 7.056 per cent.

Equities traders said that early activity was accounted for by buy programmes tied to stock index arbitrage and the covering of short positions. Later, prices moved little though stocks continued to hold up well without much support from either the bond market or the dollar.

Among the most active stocks Wickes Companies, the automotive products, wall-coverings and retail group which is subject to a leveraged management buyout offer, slipped 5% to \$13, as investors felt they had pushed the price up too far when the bid was announced.

Anchor Glass Container, the glass manufacturer, fell 3% to \$124, following an investment downgrading from Paine Webber, while CyCare Systems, the medical computer group was off 3% to \$9 after the company filed for an offering of 1.62m shares.

Technology stocks, which have slumped in recent sessions, posted solid gains.

International Business Machines rose 3% to \$11.11, Cray Research, the computer and software group, was ahead

5% to \$78.74, while Hewlett-Packard, the computer maker, rose 3% to \$45.44, and Digital Equipment added 5% to \$94.44.

Gillette, the shaving and personal care products group, rose 3% to \$33.00 on news that it had entered into an agreement for a \$1.2bn revolving credit facility including \$750m for its share repurchase rights offer with a syndicate of banks.

On the over-the-counter market, Sun Microsystems, the computer workstation manufacturer, was off 1% to \$36.00 after Hambrecht and Quist, the California investment dealer, cut its earnings estimates for the company's fiscal first and second quarters.

Canada

BASE metals issues led a rise in Toronto by midday, as share prices shook off earlier losses.

The composite index, which had fallen about 3 points earlier, moved ahead 15.1 to 3,257.2 on light turnover of 10.6m shares. On the list of most actives, Bank of Nova Scotia rose 6.5% to \$13.14 and Nova gained 5% to \$12.14.

Base metals were mostly higher. Alcan Aluminum gained 5.5% to \$53.74 and Inco climbed 5.5% to \$33.65. Noranda, which said on Tuesday it had increased its stake in Falcondrome to 16.5 per cent, rose 5.5% to \$32.25.

EUROPE

Strong Nat-Ned earnings give Amsterdam a boost

GOOD company results and an easing of interest rate worries helped major European markets to close slightly higher, writes *Our Markets Staff*.

AMSTERDAM made a small rally towards the close as a flurry of corporate results and Wall Street's firmer opening helped blow away investors' currency and interest rate blues. Most shares, however, finished mixed.

First half figures from Nationale-Nederlanden, the country's largest insurer, contributed to a late rise of 0.6 in the CBS all-share index to 95.2 after a static session. "The market gained a bit of confidence after these excellent results," said one analyst.

The company reported a 12 per cent increase in first half net income to Fl 326m and said it expected earnings per share to rise this year. Its shares added Fl 2.10 to Fl 62.50.

Amet, the third largest Dutch insurer, announced first half earnings up 11 per cent to Fl 134.9m. According to the analyst, "at first the numbers looked brilliant but included a number of exceptional items not directly comparable with other years." Amet stock closed unchanged at Fl 50.80.

After the close, steelmaker Hoogovens reported a return to the black with first half net profit of Fl 85.3m against a loss of Fl 68.5m. Its stock ended Fl 2.50 higher at Fl 58.50.

Also reporting first half figures was Fokker, the aircraft builder, which picked up 70 cents to Fl 30.30 after revealing a profit of Fl 4.35m, against a loss of Fl 3.30m.

PARIS edged higher on the first day of the September account, helped by Wall Street's early firmness and the previous day's recovery in US treasury bonds.

The gains were seen as largely technical after Tuesday's fall, with investors seeking to benefit from the month-

London

INTEREST rate worries led to nervous trading in London, but equities stood their ground. The FT-SE 100 index edged 1.3 higher to 1,819.9.

The performance of international stocks improved, with ICI and Beecham rising, although turnover was low.

Chemicals continued their good performance since their interim report, with Bayer up DM2.20 at DM291.50, Hoechst DM1.80 ahead at DM279.80 and BASF adding DM1.60 to DM29.70.

Bonds rose in line with the improvement in the US market and the yield on the latest 10-year federal bond fell to 6.81 per cent from 6.85 per cent.

MILAN held its own, with Generali losing L880 to L82,800 after leading the market higher earlier this week. The Comit index shed 4.6 to 531.89 in continued thin trading.

Foreigners have been much less in evidence this month than in June and July, and trading this week has been very selective. Generali accounted for at least 16 per cent of Tuesday's provisional L81m turnover, while Nuovo Banco Ambrosiano, the subject of rumours about a merger and stakeholding by a foreign bank, represented about 4 per cent. Ambrosiano eased L1 to L3.274 yesterday.

ZURICH had another quiet day and share prices closed little changed.

Bank Leu bearers dropped SF7.75 to SF3.10. According to one analyst, the company was due to hold a meeting yesterday to discuss why management had dropped a venture with EZ Bank earlier this year.

STOCKHOLM closed slightly higher in fairly active trading. Electrolux, the white goods manufacturer, reported a 20 per cent increase in interim profits after financial items to SKr1.8bn and it announced plans to acquire companies in Spain and the US. Electronic free B-shares closed up SKr1 up at SKr240.

Pharmaceutical Sanofi recovered FF7.27 to FF7.34 after falling sharply recently on worries over potential competition from Hoechst for its major product Tidil.

FRANKFURT managed small gains amid some signs that the pressure for a domestic interest rate rise was easing. The weaker dollar helped, together with Tuesday's US inflation figures and the slowdown in West German money supply. A favourable securities repurchase allocation by the Bundesbank boosted bonds, and this lifted the mood in equities.

The market came off its

highs, however. The FAZ was 3.81 higher at 480.93 at midsession, while the DAX index closed up 5.3 at 1,161.27. Volume remained at a very low DM1.4bn.

Chemicals continued their good performance since their interim report, with Bayer up DM2.20 at DM291.50, Hoechst DM1.80 ahead at DM279.80 and BASF adding DM1.60 to DM29.70.

Bonds rose in line with the improvement in the US market and the yield on the latest 10-year federal bond fell to 6.81 per cent from 6.85 per cent.

MILAN held its own, with Generali losing L880 to L82,800 after leading the market higher earlier this week. The Comit index shed 4.6 to 531.89 in continued thin trading.

Foreigners have been much less in evidence this month than in June and July, and trading this week has been very selective. Generali accounted for at least 16 per cent of Tuesday's provisional L81m turnover, while Nuovo Banco Ambrosiano, the subject of rumours about a merger and stakeholding by a foreign bank, represented about 4 per cent. Ambrosiano eased L1 to L3.274 yesterday.

ZURICH had another quiet day and share prices closed little changed.

Bank Leu bearers dropped SF7.75 to SF3.10. According to one analyst, the company was due to hold a meeting yesterday to discuss why management had dropped a venture with EZ Bank earlier this year.

STOCKHOLM closed slightly higher in fairly active trading. Electrolux, the white goods manufacturer, reported a 20 per cent increase in interim profits after financial items to SKr1.8bn and it announced plans to acquire companies in Spain and the US. Electronic free B-shares closed up SKr1 up at SKr240.

Pharmaceutical Sanofi recovered FF7.27 to FF7.34 after falling sharply recently on worries over potential competition from Hoechst for its major product Tidil.

FRANKFURT managed small gains amid some signs that the pressure for a domestic interest rate rise was easing. The weaker dollar helped, together with Tuesday's US inflation figures and the slowdown in West German money supply. A favourable securities repurchase allocation by the Bundesbank boosted bonds, and this lifted the mood in equities.

The market came off its

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks per grouping

TUESDAY AUGUST 23 1988

MONDAY AUGUST 22 1988

DOLLAR INDEX

	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (87)	151.28	-0.7	133.54	123.46	3.65	152.28	134.67	124.43	152.28	91.16	158.62
Austria (16)	84.82	-0.0	94.87	83.74	2.48	84.86	75.04	84.35	98.18	83.72	97.19
Belgium (63)	109.73	-0.2	96.87	109.46	4.61	109.55	96.88	109.82	139.89	99.14	133.49
Canada (129)	117.37	-0.3	103.61	104.54	3.25	117.73	104.13	104.79	128.91	107.05	139.81
Denmark (4)	105.25	-0.5	109.27	107.45	2.52	105.25	107.45	105.25	122.72	111.42	120.97
Finland (26)	123.76	-0.1	109.27	116.48	1.48	123.16	108.93	116.64	123.16	106.75	123.16
France (129)	88.76	-0.3	78.35	90.05	3.61	89.01	78.72	90.83	99.62	72.77	110.75
West Germany (100)	72.08	-0.4	90.87	103.14	2.59	72.38	64.01	104.19	111.86	84.90	138.69
Hong Kong (46)	102.94	-1.0	90.87	103.14	4.34	103.97	91.95	104.19	111.86	84.90	138.69
Ireland (18)	131.20	-0.5	115.82	131.30	3.63	130.49	115.40	131.33	144.25	104.60	139.88
Italy (102)	71.02	-0.5	83.37	75.70	2.68	71.42	63.16	75.75	81.74	62.99	84.22
Japan (49)	140.49	-0.4	104.12	124.49	1.60	140.49	124.49	140.49	152.75	107.83	158.45
Malaysia (36)	140.60	-0.2	124.12	144.15	2.56	142.28	125.82	145.79	154.17	107.83	158.45
Mexico (13)	149.66	-0.4	132.11	137.32	1.46	150.23	132.85	155.48	180.07	90.07	136.46
Netherlands (38)	100.13	-1.1	88.39	98.35	4.66	101.22	89.52	100.09	110.66	95.23	130.86
New Zealand (20)	76.82	-0.6	67.81	63.98	5.76	77.29	68.35	64.04	84.05	64.42	123.88
Norway (25)	112.63	-1.2	99.43	106.40	2.83	114.02	100.83	108.22	123.23	98.55	168.69
Singapore (26)	122.59	-0.9	108.21	115.24	2.30	123.64	109.34	116.18	135.89	97.99	174.28
South Africa (60)	116.48	-1.6	101.88	67.75	2.33	102.49	101.13	87.16	139.41	109.87	173.66
Spain (43)	142.34	-0.5	128.17	127.57	2.65	124.41	109.41	125.97	142.73	107.83	182.45
Sweden (35)	111.42	-0.9	88.34	107.55	2.30	112.41	99.41	109.04	125.50	74.82	122.21
Switzerland (55)	74.82	-0.6</									